Vol. II

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1927

No. 693

L. P. LARSON, JR., COMPANY, PETITIONER,

vs.

WM. WRIGLEY, JR., COMPANY.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

PETITION FOR CERTIORARI FILED NOVEMBER 4, 1927.

CERTIORARI GRANTED JANUARY 9, 1928.

(23,089)

IN THE

Supreme Court of the United States.

OCTOBER TERM, A. D. 1927.

No.

L. P. LARSON, JR. COMPANY,
Petitioner,

vs.

WM. WRIGLEY, JR. COMPANY,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

RECORD

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IN THE

United States Circuit Court of Appeals

FOR THE SEVENTH CIRCUIT.

OCTOBER TERM, A. D. 1925.

No. 3727

L. P. LARSON, JR., COMPANY,

Appellant,

vs.

WM. WRIGLEY, JR., COMPANY,

Appellee.

No. 3728

WM. WRIGLEY, JR., COMPANY,

Appellant,

vs.

L. P. LARSON, JR., COMPANY,

Appellee.

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1958 • • • No. 488 • • •

Statement in condensed and narrative form of the evidence offered or received and of the proceedings had subsequent to filing herein of Mandate of Circuit Court of Appeals on September 30, 1918.

Vol. I.

Filed Sep. 1, 1925 at o'clock m. Charles M. Bates, Clerk. Certificate of Evidence, filed Sept. 1, 1925.

(1959) • • • No. 488 • • •

EVIDENCE TAKEN AND PROCEEDINGS HAD BEFORE MASTER IN CHANCERY CHARLES B. MORRISON, ETC.

2 On October 16, 1918, counsel for the defendant and counter-claimant, L. P. Larson Jr. Company (sometimes referred to herein as Larson and as the Larson Co.) moved that the Master rule said plaintiff and defendant to counter-claim, Wm. Wrigley Jr. Company (herein sometimes referred to as Wrigley and as the Wrigley Co.) to furnish an account under Equity Rule 63 within two weeks from said date. Counsel for defendant objected that the suggested time was no sufficient to enable the accounting party to prepare and present its account. The Master sustained Larson's motion and ordered that:—

"The Wm. Wrigley Jr. Company furnish and file with the master on or before 4 o'clock in the afternoon of Wednesday, the 30th day of October, 1918, an account in debtor and creditor form, showing the gains and profits of the Wm. Wrigley Jr. Company from July 28, 1914, to the entry of the decree herein, accruing or arising from the manufacture and sale of its Doublemint gum in dress, wrappers or labels identical with or in combination substantially like the dress, wrappers or labels heretofore
3 and now used on the brand of gum of Wm. Wrigley Jr. Company known as 'Doublemint', as stated in the decree.

The account should be based upon the books, records
(1960) and papers of the accounting party, with periodical

rests therein to conform with the books as kept and should show the cost, selling price, gains and profits in such manner and in such detail that the correctness of the account may be readily tested by a comparison with the books and records of the accounting party."

3 Counsel for Larson also moved the Master to employ chartered accountants as provided in the decree of reference to examine Wrigley Company's books and to ascertain and report its profits from the sale of Doublemint gum as contradistinguished from the other brands of gum made by that Company during the accounting period. The motion was denied because the Wrigley Company has itself been ordered to furnish an account within a short time, and, until the Wrigley Company has had reasonable time to present its account and it is questioned, the expense of chartered accountants should not be incurred: and the hearing was adjourned to October 21, 1918.

4 Counsel for the Wrigley Company moved to quash the subpoena duces tecum theretofore issued and served in said cause and also to postpone further hearings until the present counsel for the Wrigley Company (Isaac H. Mayer and Wallace R. Lane) should have time to familiarize themselves with the record in the original case and the facts relating to the accounting as Mr. Charles K. Offield, one of the attorneys in the original case until the decision of the Court of Appeals, had died a few months ago and Mr. James R. Offield, who was the other attorney in the original case until the decision of the Court of Appeals, had gone or was about to go to Washington on Government business. Counsel for Larson (Mr. Charles H. Aldrich) announced his willingness that the case be postponed until November 4, 1918, to which time the case was adjourned.

6 On October 30, 1918, counsel for Wrigley Company, moved the Master for an order enlarging the time within which it could file its account and in support of the motion presented affidavits of James C. Cox, Treasurer of the Wrigley Company, William H. Stanley, its Secretary, and
(1961) Herman S. Paine, a certified public accountant. Mr. Aldrich, counsel for Larson, requested that in order that he could have an opportunity to examine the affidavits and make a counter showing if it be deemed desirable, the hearing of the motion be postponed and thereupon all

counsel agreeing further proceedings were adjourned until November 6, 1918.

8 On November 6, 1918, counsel for Larson (Mr. Aldrich) asked that L. P. Larson, Jr. be sworn, whereupon counsel for the Wrigley Company (Mr. Mayer) asked what the purpose was of taking evidence to which Mr. Aldrich replied "You will see when I come to it" and thereupon Mr. Mayer objected to taking testimony at that time unless some statement was made as to its purpose and the Master then ruled that he would pass on that question when the questions are asked.

Thereupon L. P. Larson, Jr. was called as a witness on behalf of the Larson Company and after having been been first duly sworn Mr. Mayer objected to the witness being examined at that time and to any testimony being then taken excepting in connection with the pending motion by the Wrigley Company to extend its time for filing an account. The objection was overruled, the Master stating that exceptions would save themselves without the necessity of counsel saving them.

9 Thereupon Mr. Aldrich proceeded with the Direct Examination of the witness L. P. Larson, Jr., who then testified as follows:—

That he is President of the L. P. Larson Jr. Company and was present in Judge Carpenter's court room on September 30, 1918, when the subject of entering a decree came up and that he heard the judge instruct the attorneys on both sides to go into another room and see if they could not agree on the decree; that the attorneys, Messrs. Offield, Reed and Aldrich, and the witness were present at
(1962) the interview which took place in another room . When
9 the witness was asked to state what happened and was there said Mr. Mayer objected on the ground that it could have no bearing upon the pending motion or upon any issue. The objection was overruled. The witness then
10 testified that Mr. Offield presented two Doublemint packages wrapped in green paper without being wax sealed and stated that it was the package that was on sale when the suit was brought and that the Wrigley Company did not bring out its sealed package until August or September, 1915, and that this package was Exhibit 3 of his bill; that Mr. Aldrich said that this was not true and could be proven and that Mr. Reed said that it did not make any difference; that Mr. Aldrich left the room and came back

with a Doublemint package wrapped in green paper and sealed with green wax paper and said that it was a package of Exhibit 3 to his bill and was a package on sale when the suit was brought; that Mr. Offield then asked whether Mr. Aldrich expected to recover all the Wrigley profits on Doublemint and he replied that he did and that Mr. Offield said he should say not and that Mr. Aldrich said the matter was not worth while discussing and that the court had already decided that; that Mr. Offield then presented a Doublemint package in which each stick was wrapped in white paper and said that's what they pro-
11 posed to change the package to; that Mr. Aldrich then produced a Doublemint package with white individual sticks wrapped in green wax paper, that is, the outside appearance of the package not having been changed; that Mr. Reed then asked Mr. Offield if that is the way they proposed to market the Doublemint gum and that Mr. Offield said yes and that Mr. Reed then said that no camouflage of that kind will do and that Mr. Aldrich then said that it was useless to try to make an agreement then and it would be better to advise Judge Carpenter to that
(1963) effect and it was done; that the package that Mr. Offield produced was only wrapped in white individual sticks with no green wax paper around it but that the package Mr. Aldrich produced was wrapped in individual white sticks but with a green wax paper around it so the outside appearance of the package showed no change as to the package that the suit was brought on.

Mr. Mayer thereupon moved that the testimony of the witness be stricken out to which Mr. Aldrich replied that he was going to connect this with further action and evidence; that he was then going to make a motion before
12 the Master. Thereupon the Master ruled that he would permit Mr. Aldrich to go ahead and he could make the motion later on.

And thereupon Mr. Aldrich examined Mrs. A. G. Loveless as a witness sworn on behalf of the Larson Company. She testified on her Direct Examination that she was in the employ of Mr. Aldrich in September and October, 1918, and when she was shown what purported to be a carbon copy of a letter dated October 1, 1918, addressed to the Honorable Francis E. Baker written by Mr. Aldrich, Mr. Mayer objected and the Master having over-
13 ruled the objection the witness testified that the document

was a copy of a letter which Mr. Aldrich sent to Judge Baker and that a carbon copy of it was mailed from Mr. Aldrich's office to Mr. James R. Offield. Mr. Mayer ob-
14 jected to the introduction of the document and the objection was overruled, and it was received as Larson Ex-
15 hibit No. 1. The letter says that Mr. Offield was attempting to substitute an unsealed for a sealed Doublemint package and was contending that the adjudication of the Court of Appeals applied only to a package in which the green individual sticks appear as in the Wintermint package and did not cover the sealed package in green paper and that Mr. Offield's assertion was false and that the
(1964) exhibits of Doublemint are missing from the files and that the Court of Appeals should direct the Clerk's office to make a thorough search therefor and that the Clerk should take possession of the certificate of evidence and exhibits and retain them so that they could not be changed until he brings them before Judge Carpenter on October 3, 1918.

16 Mr. Aldrich then offered and the Master received as Larson Exhibit No. 2 over Mr. Mayer's objection a carbon copy of a letter dated October 2, 1918, from Mr. Offield to Judge Baker replying to Mr. Aldrich's letter of October 1st and stating that when the bill was filed complainant's Doublemint box of chewing gum was identified as Complainant's Exhibit No. 3 and a box thereof attached to the bill; that at that time neither complainant's Spearmint nor Doublemint gum were wrapped in a wax wrapper as that method of wrapping gum was not commercially introduced by the Wrigley Company until after
17 the bill was filed; that he (Mr. Offield) has always found that in these chewing gum cases a large part, if not all, of the exhibits are removed particularly for consumption and that when the case was tried in the lower court his recollection was that there were two exhibits missing, viz., the carton in which Larson's product was contained and the individual packages of gum in Wrigley Exhibit No. 3 were also missing and that when the case was tried he substituted a box of Doublemint chewing gum similar in all respects to the original Exhibit No. 3 except that the individual wrapped sticks of gum were held together by a wax wrapper which in turn was enclosed in the regular Doublemint counterband or label; that by removing the wax wrapper from the individual packages such packages

(1965) would have been exactly the same as the individual packages contained in Exhibit No. 3 and that he so stated to the court; that his (Mr. Offield's) statement to Mr. Aldrich was that the injunction should be confined to the marketing of a package as identified by Exhibit No. 3 or any simulation thereof and that his (Mr. Offield's) statement was that Exhibit No. 3 did not have the wax wrapper; that the only person that he knew who handled the exhibits since the trial in the lower court was Mr. Aldrich.

18 The witness, Mrs. Loveless, then identified what she said was a carbon copy of a letter which Mr. Aldrich wrote to Judge Baker on October 10, 1918, of which she mailed a copy to Mr. Offield and Mr. Mayer objected to Mr. Aldrich's offer of the letter in evidence but the objection was overruled by the Master and he received the letter in evidence as Larson Exhibit No. 3. The letter

19 acknowledges receipt of a copy of Mr. Offield's letter of October 2 and says that the fact is that no unsealed package either of Spearmint or Doublemint was ever used by the Wrigley Company after March 21, 1914, about a year and three months before the filing of the bill; that advertisements showing the sealed package will be found in the Saturday Evening Post of March 21, 1914, and April 11, 1914, and July 4, 1914, and October 31, 1914, and December 12, 1914.

20, 21 Thereupon Mr. Aldrich recalled L. P. Larson, Jr. who, upon Direct Examination by Mr. Aldrich, then further testified that after the interview in which they could not agree upon the decree they went to the office of the Clerk of the Circuit Court of Appeals and examined a transcript and found the Wintermint exhibits but the Doublemint exhibits were missing.

Thereupon Mr. Aldrich offered in evidence an advertisement in the Saturday Evening Post of March 21, 1914,

(1966) to which Mr. Mayer objected but the Master overruled the objection and received the advertisement in evidence as Larson Exhibit No. 4. Mr. Aldrich then offered in evidence another advertisement of the Wrigley Company in the Saturday Evening Post on April 11, 1914, to which Mr. Mayer objected but the objection was overruled and the advertisements was received in evidence as Larson Exhibit No. 5.

22 Mr. Aldrich then offered in evidence advertisements of the Wrigley Company in the Saturday Evening Post

of July 4, 1914, August 8, 1914, and October 31, 1914, to each of which Mr. Mayer objected, but the Master overruled the objections and received each of said advertisements in evidence as Larson Exhibits Nos. 6, 7 and 8 respectively. Mr. Aldrich also offered in evidence a copy of a Wrigley advertisement in the Saturday Evening Post of December 12, 1914, to which Mr. Mayer objected but the Master overruled the objection and received a copy of the advertisement in evidence as Larson Exhibit No. 9.

Mr. Aldrich then stated that under Rule 63 attention can be called to any part of the record that the parties desire and that he wishes to use certain portions of the record in connection with his motion and that he does not know whether he should direct the Master's attention to them now or later; that with all the witnesses waiting (1967) he would like to go on with his examination of Mr. Cox, 23 and Mr. Aldrich then referred the Master to certain pages of the record filed in the court of appeals on the first appeal in this cause and also to certain testimony shown in said record, viz.:

Paragraph III of Wrigley Company's bill of complaint filed June 15, 1915; also paragraphs VI, IX and X of said bill (which are not here stated because they are included in the praecipe for record herein); and paragraphs IV and VII of the answer of the Larson Company (already part of the record herein); also the answer of Wm. Wrigley under oath to interrogatories propounded to him, filed August 6, 1915, that pink wrappers for the individual sticks were not generally adopted until about the first of the year 1906; also the answers compelled by order of court, filed January 17, 1916, said answers to said interrogatories stating that the evidence taken in the suit of the Wm. Wrigley Jr. Company against Frank F. Pulver, the Di-Gesto Company, et al, was in the possession of James R. Offield, Esquire, complainant's counsel, and might be examined at his office, and that the Wm. Wrigley Jr. Company purchased the assets of the Di-Gesto Company "for a valuable consideration," and that the factory of the company was dismantled and the machinery, stock and general equipment was brought to Chicago, and part of the same had been used in the business of the complainant; that some were sold in Rochester; that complainant had no books, letters, business

papers or documents of Frank F. Pulver, or the Di-Gesto Company, other than the exhibits referred to in the evidence taken; also Mr. Wrigley's testimony on the original hearing before Judge Anderson, that the Wrigley Company did not use pink wrappers on the individual sticks prior to 1906; also his testimony at that hearing that they were not the first to use them and that the wrapping of the individual sticks in pink wrappers antedated the (1968) Wrigley Company's manufacture of Spearmint.

23 Mr. Aldrich also referred the Master at said time to the testimony of Mr. O. J. Buck, (with Rubber Paint Company from 1887 to 1908 or 1909, or 1910) given before Judge Anderson at the original hearing, on cross-examination by Mr. Aldrich, viz.:

"Our factory was burned down December 31, 1904, I think, and burned up all our records, or practically all our records. I believe it was December 31, 1904. All of my records were destroyed. My records were in regard to the flavors, etc. As to whether I know that the journals and ledgers were not destroyed, I will say, I know that we had some very badly damaged books in the office that came out of the safe. It may have been that they were wet with water and were around the office for several days with blotters between the leaves. As to what became of those damaged books that were not destroyed, I will say, I don't know anything about the books in the office. I paid no attention to the office. I was superintendent of the factory only."

Mr. Aldrich also referred the Master at said time to the testimony of Mr. J. C. Cox (treasurer of Wm. Wrigley Jr. Company and with the Rubber Paint Co. and Zeno Mfg. Co. before that), given before Judge Anderson at the original hearing, on direct examination by Mr. Offield, viz.:

"There was a fire in December of 1904 that completely destroyed our building. The contents of the safes when they were opened were in very bad condition, except that that was near the door was scorched and steam had penetrated the safe, and water, so that when the books came out they were all wet and blurred very badly. I was present when those safes were opened. I opened one of them. All our current records were kept in the safe at that time. They include records pertaining to the manu-

facture of the various brands of gum manufactured by Wm. Wrigley Jr. Company prior to the time of the fire. All the books that were needed for immediate use were copied immediately, because the books stuck together just like a piece of glue, and we worked several nights there making copies of those that were needed for immediate use. There was a copy made of a book where the Spearmint brand of gum was identified. The price book was
(1969) copied. The special brands of Wrigley gum that had been used since the start of our business was copied from the original price book into the new price book. Among those special brands transferred from the original book to the new price book was Spearmint. I haven't seen that price book since we came over to Wabash Avenue. I haven't been able to find it. I have searched for it.

Referring to the so-called vaults that Mr. Constantine has testified to in this case, I will say, we had no vaults. They were safes. Only two safes. One of the safes was located on the first floor and about the center of the building. I think there were three instead of two safes."

On cross-examination by Mr. Aldrich, he said:

"All the original books we copied were so badly disfigured and blurred that they were destroyed after the copies were made."

Mr. Aldrich also called the Master's attention to Pulver's first package of Spearmint as referred to in Pulver's testimony upon the original hearing of the case before Judge Anderson, and also to a copy of the decree entered in the Pulver case, being Larson Exhibit 13, March 23, 1916, in the proceedings before Judge Anderson.

Mr. Aldrich then referred the Master to the testimony of Gertrude Adams, called as a witness for the Larson Company, before Judge Anderson at the original hearing. At that time Gertrude Adams testified as follows on direct examination by Mr. Aldrich:

"I was at one time in the service of the Zeno Manufacturing Company as bill and order clerk. My services extended from the spring of 1903 until the first of September, 1905, and in that capacity I know what gums were shipped by the Zeno Manufacturing Company to Wm. Wrigley Jr. & Company. The gums were not shipped or billed by numerals but by the name of the gum and dur-

ing the period I was in the service of the Zeno Manufacturing Company that Company was not manufacturing and billing to the Wrigley Company any Spearmint gum.

(1970) I was in the service of the Company at the time of the fire in the Zeno Manufacturing Company on December 31, 1904. The contents of the books that were in the safe and things of that character were not destroyed on that occasion."

On cross-examination by Mr. Offield she testified:

"The safes were not opened immediately after the fire. I couldn't say how long after the fire they were opened. The morning of the fire it burned all day. It was full of water and ice. The fire was December 31, 1904. I was there the morning of the fire. I don't know about the date but the morning of the fire while it was burning I was there. The fire started about five o'clock in the morning, I believe. The building where we had been manufacturing gum was totally destroyed. I couldn't say when the safes were taken out from the burned mass. It was shortly afterwards. I don't know where these safes were opened after the fire. I know where they stood before the fire. I don't know where they stood after the fire when they were opened. I was not present when they were opened. I saw the contents of the safe right after they were taken out because the contents were still wet. The safe that stood in the cashier's office took water. The safe for which I was responsible for opening and closing did not. I couldn't name what the books were in the safe that I was responsible for but they were old record books and I used to put my order file and all my records in there. I presume that all the cashier's records and bookkeeper's records were in the safe that I was not responsible for."

Mr. Aldrich then referred the Master to the testimony of John J. Cochrane, called as a witness for the Larson Company, before Judge Anderson, at the original hearing. At that time Mr. Cochrane testified as follows on direct examination by Mr. Aldrich:

"I was connected with the Wrigley Company from 1892 to 1903. Wrigley commenced selling chewing gum about 1893. The only brand we had then was Vassar, which we put out with a lamp premium. Our next brand was Juicy Fruit."

The witness then referred to the various brands subse-

quently manufactured by Wrigley and gave a history of the different removals of the Wrigley business.

He continued:

(1971) "I served in all capacities with Wm. Wrigley Jr. Company from truck horse to general manager. I drove wagon, packed goods, and was shipping clerk, bookkeeper, auditor, sales manager and later general manager. I was doing the more humble duties when the business was very small. We were experimenting in Spearmint gum in the year 1902. Wm. Wrigley Jr. Company had not sold any Spearmint gum prior to 1902 to my knowledge. Spearmint was only an experimental issue with us,—sometimes it was too strong, sometimes it was too weak. I saw the Pulver package in 1895. I saw the Di-Gesto package in 1902. The Digesto package was Spearmint."

On cross-examination by Mr. Offield, the witness said: "I did not see the experimental batches which were made in 1902. I had nothing to do with the factory end at all. The way I know they made experimental batches is because a quantity of gum coming in as Spearmint was billed in to us after that period. The Wrigley Company had a dater as a premium. Daters might run along two or three years. I do not know with what particular brand of gum that dater was given away."

When asked how much gum was made in 1902 that the witness recollected that came over from the Zeno Manufacturing Company of Spearmint flavor, he said that there was no bill but only a memorandum invoice for the first two or three batches that came in, and that he could not tell how much gum was in those batches, the quantity was so insignificant.

The witness continued: "The gum was wrapped five sticks bundled together, wrapped in foil, and a wrapper around it with Spearmint Gum thereon. Complainant's exhibit 1, heretofore in the record, looks to me like a package I refer to. I had never seen that package in connection with the business of the Wrigley Company prior to 1902, and I was in a position to have seen it if it was there. I was in the packing rooms. I was all over the house, from the cellar to the roof. I think I did not pack gum after 1893 or 1894,—after 1893. The first package of Pulver's gum I saw in 1895 was at 85 and 87 Kinzie Street, in Mr. Wrigley's private office, in our

office. I saw the Di-Gesto package in 1902 at 88 and 90 Michigan Avenue, in the private office of Wm. Wrigley Jr."

Mr. Aldrich then referred the Master to the testimony of William E. Schrader, called as a witness for the Larson Company, before Judge Anderson at the original hearing. At that time Mr. Schrader testified as follows on direct examination by Mr. Aldrich:

"I have never been directly connected with the gum business. I was employed by the parent house, the Rubber Paint Company. The Rubber Paint Company and the Zeno Manufacturing Company were conducted from the same building and the same offices. The gum business was conducted in the name of the Zeno Manufacturing Company. I was in the paint branch of the business. I was with the Rubber Paint Company a little over twenty-seven years. When I first went with them, they were lo-
(1972) cated at the corner of Market and Quincy Streets. They then moved to the west side to a building extending from West Van Buren Street to Boston Avenue. In addition to this building they rented another building on the South Side of W. Van Buren St. That is the one that was destroyed by fire on the last day of 1904. The books of the company were not destroyed by the fire on that occasion. They were damaged by water. I never heard of the name of Spearmint gum while I was in their employ, which I left on July 10, 1907."

On cross-examination by Mr. Offield, he said:

When asked whether he was ever in the employ of the Zeno Manufacturing Company the witness replied that he was in the employ of the parent house, the Rubber Paint Company. The witness continued:

"The Rubber Paint Company was engaged in the manufacture of paints; also chewing gum.

Q. Did you have anything to do with the chewing gum department?

A. Very little.

Q. Anything at all?

A. In fact, you may say nothing."

(1973) Mr. Aldrich then referred the Master to the testimony of Bernard F. Grzontowski, called as a witness for the Larson Company, before Judge Anderson at the original hearing. At that time Mr. Grzontowski testified as follows on direct examination by Mr. Aldrich:

"I was connected with the Zeno Manufacturing Company eighteen years. I started in in 1895 and I left in 1913. At the first part of my employment I was an errand boy and helper in the manufacturing department where they made the chewing gum. I continued in that capacity until 1905. While there my duties were to take the gum away from the machines and assist in rolling it up. The rolling was done with machines. For a while I helped mix the gum. My immediate superior officer was P. A. Nelson, who was the gum maker from the time I started. Mr. Nelson ceased to be the gum maker in the early part of 1906, and I succeeded him as such gum maker and continued as the gum maker until I left the service of the company in 1913. There was not very much Spearmint gum made by the Zeno Mfg. Co. for the Wrigley Co. In the year 1902 we made some Spearmint gum and in 1903 there was a while there I remember making Spearmint gum. We discontinued making Spearmint gum in 1902 or 1903. I am able to fix the date 1902 or 1903 because it was shortly after my marriage in 1901.
(1974) We commenced again making Spearmint gum about 1906. From that time until I left in 1913 we regularly made Spearmint gum. I left voluntarily. The first Spearmint gum we made in 1902 or 1903 was wrapped in tin foil, five sticks together, wrapped in tin foil, and there was a counterband around the package. This wrapping was changed about 1906, from a tin foil package to pink paper wrapping.

On cross-examination by Mr. Offield, he said:

"I was merely a helper from 1895 to 1905. As a helper I was operating the rollers. I had not anything to do with mixing the gum or with the flavors until after 1905, so that I do not know what the flavors were that were in the various brands of chewing gum prior to 1905. P. A. Nelson was the gum maker from 1895 to 1905. I heard he died recently."

Mr. Aldrich then referred the Master to the testimony of Burt L. Atwater, whose deposition, taken November 14, 1912 in the Pulver case, was offered in evidence by Mr. Aldrich at the original hearing of this case before Judge Anderson, and received in evidence under a stipulation with Mr. Offield. Mr. Atwater testified:

"I am occupation manager William Wrigley Jr. & Company, New York, Broolyn branch. I have been the

manager for William Wrigley Jr. Company at the New York and Brooklyn branch since 1907. My managership covers the greater New York, Long Island, Northern part of New Jersey and New York State along the Hudson to Albany. I became manager in this territory in October, 1907. At the time I became such manager, I did not know of any gum flavored with Spearmint and known to the trade as Spearmint gum upon the market in Greater New York. As manager I have charge of the sales department, attend to credits and also supervise the manufacturing department in Brooklyn. The Wrigley Company expended in excess of $100,000. a year for advertising in Greater New York during the past two years."

On cross-examination by Pulver's counsel, Mr. Atwater said:

"I was in the gum business prior to 1907 for about two years. I was selling chewing gum manufactured by the Zeno Manufacturing Company of Chicago and also buying chicle for that company. Prior to 1907 I had never seen any gum with a Spearmint flavor, nor had I ever heard of any gum with a Spearmint flavor." The principal fea-
(1975) tures of Wrigley's Company's advertising was the advertising of its trade dress, the package. A great deal of the advertising contains the words "Look for the spear" and all the Wrigley Company's advertising matter contains a spear. The package, the carton and the individual stick all have the spear in a very prominent manner thereon.

On redirect examination, he said:

"I testified in answer to cross question 26, that I had not seen any gum with a Spearmint flavor prior to 1907. I had never seen Wrigley's Spearmint gum prior to 1907. Many forms of advertising cards used by the Wrigley Company have shown its Spearmint package in color form. There has been a wide distribution of posters out out by the Wrigley Company showing a five cent package reproduced in colors of its Spearmint product."

And on recross examination by Pulver's counsel Mr. Atwater, when asked if there hasn't been a change in the manner of wrapping the Wrigley Spearmint gum product since 1907 when first placed on the market in New York, said:

"Not to my knowledge except in the export package" and he further said

that when the gum first appeared in New York it was not a foil wrapped package and that he does not know when the change was made from a foil wrapped package to an individually wrapped package but that he knows they wrapped it both ways at the same time and that he was not familiar with the Wrigley Spearmint gum prior to 1907.

Mr. Aldrich then referred the Master to the deposition of Wm. H. Constantine which was taken by Mr. Aldrich at his office on February 7, 1917, on behalf of the defendants in the two suits of Wm. Wrigley Jr. Company against L. P. Larson Jr. Company and L. P. Larson Jr., No. 30563 in this court, and Wm. Wrigley Jr. Company against L. P. Larson Jr. Company, No. 488 in this court, and which deposition Mr. Aldrich offered in evidence on behalf of the L. P. Larson Jr. Company on the trial of said two causes before Judge Anderson.

(1976) At that time Mr. Constantine testified as follows on direct examination by Mr. Aldrich:

"I was employed by the Zeno Manufacturing Company from 1895 to December 31, 1909 in various capacities, but for the period of about 1901 to 1909, I was sales manager, having the ordinary duties of sales manager, in the direction of salesmen, correspondence with salesmen and the trade, looking after the proper filling of orders, and taking or having the confidential executive position of sales manager. When I first went with the Zeno Manufacturing Company it was my understanding that it was not incorporated, but it was simply a name under which the Rubber Paint Company transacted its business. Later the Zeno Manufacturing Company was incorporated. We were a manufacturing concern, manufacturing chewing gum for any financially responsible or reputable parties that would pass the test of inspection. We were also manufacturing gum for ourselves. We disposed of our gum by our salesmen. We had our own brands. Wm. Wrigley Jr. & Company, and later Wm. Wrigley Jr. Company, were one of our customers through all that period of time and they were a customer of the house previous to my entering their service and beyond my service and during the whole period of my service prior to, say, 1903. Brands which we manufactured for Wm. Wrigley Jr. & Company were such as Juicy Fruit, Sweet Sixteen, Nips, Blood Orange, Peppermint, and

possibly a few other ordinary flavors, such as they manufactured or put out at that time. To the best of my knowledge and belief, the first Spearmint gum manufactured for distribution and sale was in 1906. We were always experimenting with flavors, and in that connection we maintained a laboratory and chemist. I can not state whether or not we made any experiments with reference to Spearmint flavor prior to 1906. Most of the gum which we manufactured for the Wrigley Company was delivered by us in the boxes ready for repacking in cases. I might say in shipping cases by us, in large delivery boxes or drays holding possibly from 50 to 100 boxes each, up to the period when the sale of Spearmint gum became very large and then we packed the Spearmint gum in the original shipping cases and delivered it to Wrigley that way, and my recollection is that is the only gum that we furnished for them in the original cases. Each box contained 20 packages of gum, and the shipping case held from 50 to 100 of these 20 package boxes. Beginning about 1901 or 1902 we were in our new building on the south side of Van Buren St., the old numbers being, I think, 154 and 156 Van Buren St. We remained there until the fire of December 31, 1904 destroyed that building. A new building on that site was completed early in 1906 and we then did our manufacturing there. I was more or less around at the time of the fire.

The so-called fire proof safes were in the basement and first floor.

(1977) Q. You mean safes or vaults?

A. Vaults, I should have said, Yes Sir, then instead of safes.

I think we had iron or steel safes aside from the vaults. The contents of those safes and vaults were not completely destroyed by the fire. They were, some of them, severely damaged as a result of water, but the current books came out all right, and I recall that the general manager at that time congratulated himself upon their safety. We made no Spearmint for anyone before we made it for Wrigley. I recall that the first Spearmint gum was made after we got back into the new building after the fire. My earliest recollection of how the first Spearmint was wrapped that we manufactured for the Wm. Wrigley Jr. Company, is of its being five sticks together, wrapped

with foil, and then a counterband. I mean the five sticks together were wrapped in foil.

Mr. Wrigley's advertising campaign on Spearmint commenced at the end of 1905 or the beginning of 1907.

On cross examination by Mr. Offield, the witness said that the Zeno Company's business increased year after year and in 1895 amounted to more than $150,000.00.

I was on the road in 1896, 1897 and 1898 for the Zeno Manufacturing Company and do not know what brands the Zeno Manufacturing Company was making for the Wm. Wrigley Jr. Company other than those I have named as having been made in 1895. While I was on the road I was selling nothing but Zeno chewing gum.

"Q. And you did not know anything about what was being manufactured by the Zeno Company for the Wrigley Company between 1896 and 1898, is that right?

A. I might say approximately no."

I mean if there had been anything new put out by the Wrigley Company, whatever the style of the package, I would have seen it in my travels on the road, if it had any distribution in my territory which was in the central states, including Michigan, part of Wisconsin, part of the Dakotas, Southern Minnesota, Iowa, Nebraska, Illinois, Indiana, Kentucky, a section of West Virginia, and one or two large cities in Ohio. If there were any brands other than I specified being manufactured by the Zeno Company and billed to the Wrigley Company in 1895, I would have been in a position to know about it.

"Q. But you know positively that no Spearmint was wrapped or manufactured by the Zeno Manufacturing Company for the Wm. Wrigley Jr. Company in the year 1899? Is not that a fact?

A. Yes, Sir. That is, as far as my knowledge permits me to answer that question. I was in a position to know in 1899 the various brands which the Zeno Company was making for the Wrigley Company. If Spearmint gum was made by the Zeno Company for the Wrigley Company in 1899, it was not made for sale or distribution or
(1978) in any quantity at all. A sample would be five or ten boxes or something of that kind. As to the quantity, that would be past the sample stage and constitute what I call a distribution. That would depend a great deal on the mix and the size of the sample I think.

"Q. Would you say that there were as many as 500

boxes of Spearmint in the year 1899, and that if there were you would have known about it?

A. Yes, I think I would. I am quite positive that in 1900, 1901, 1902, 1904 and 1905 no Spearmint gum was made for the Wrigley Company by the Zeno Company. I would have been in a position to know if any had been made in those years or in 1903. In 1904 I was Assistant Sales Manager for the Zeno Company. I had nothing to do with the Wm. Wrigley Jr. Company. I had access to that company's orders and they were more or less before me all the time, but it was no part of my duty to inspect those orders. I was Zeno Company's salesmanager in 1905. It was in 1906 when I for the first time had any knowledge of Spearmint gum being made by the Zeno Manufacturing Company for the Wm. Wrigley Jr. Company or anybody else."

The witness was then asked when that was in 1906 and he said that before he answered, he desired to have a private conversation with Mr. James Cox and upon Mr. Offield objecting thereto and stating that he desires the witness's own recollection, he testified:

"The exact time in 1906 I cannot say, but I am positive it was 1906 from a certain incident that occurred that is indelibly impressed on my mind, and it could not have happened any time previous to 1906. It was a confidential conversation held in Mr. A. G. Cox's front office, which he did not have previous to the building of the new building and the campaign in 1906. That conversation related to an advertising scheme for the Wm. Wrigley Jr. Company for Spearmint gum and the manufacture of it."

I am now engaged in the business of trying to raise poultry. I was not subpoenaed. I did not offer my services. I was communicated with by the attorney for the defendant and came here through their solicitation from my home in Vineland, N. J.

On cross examination the witness stated that he had not communicated the nature of the private conversation to Mr. Cox, who was present at the hearing with Mr.
(1979) Reed, or to Mr. Reed, or to anyone. He further stated that he was unwilling to state the nature of said conversation because he considered it

"a business confidence, even though I am not now in the employ of the company, I think I am entitled to hold, unless the court orders the disclosure of it, and then I would feel at liberty to state it."

"Q. You would feel at liberty if Mr. Cox, who is present, and Mr. Offield, on Mr. Cox's motion, asked you to state it, would you?

A. With the understanding that they forced me to disclose it, I would."

24 Mr. Aldrich then called J. C. COX as a witness on behalf of the Larson Company.

(1980) Mr. Mayer then drew attention to the fact that Mr. Aldrich did not state what the matters were in connection with which Mr. Aldrich said he wished to refer to certain matters in the record and thereupon Mr. Aldrich replied that it was in connection with the motion which he said he would make after he finished Mr. Cox's examination. Mr. Mayer then urged that this was an unfair, improper and unheard of method of proceeding, and he protested
25 against Mr. Aldrich offering evidence in connection with an undisclosed motion and he then inquired of Mr. Aldrich whether the witness Cox was offered in connection with that motion to which Mr. Aldrich replied that it was in connection with that motion and also a cross-examination in view of Mr. Cox's affidavit. Mr. Mayer replied that there was no objection to interrogating the witness with respect to his affidavit but that Mr. Mayer objected to examining the witness with regard to an undisclosed subject matter. Thereupon the Master asked Mr. Aldrich what reason there was why his motion could not be stated to which Mr. Aldrich replied that he has no objection to stating it and that the affidavit shows
26 that the Wrigley Company didn't keep its books in such a way that they were able to know how much Doublemint had been manufactured between the dates named in the decree and that a vast amount of work is necessary to enable the Wrigley Company to do this and that he (Mr. Aldrich) proposed to show by the witness Cox and in this connection that there is no reason for this long delay
(1981) and that unless they can get an account within a short time, in view of the record the Wrigley Company has made in this case in the past, that the Larson Company are not called on to wait for the examination of their books by experts to be appointed by the Master and that Mr. Aldrich expects to show this through the witness Cox. The Master thereupon rules that he would take the tes-

timony and Mr. Aldrich then proceeded with Mr. Cox's Direct Examination who testified that he is and has been Treasurer of the Wrigley Company since January 1916
27 and that he was Secretary for one year before 1916 and before that he was Assistant Secretary, he thinks, from June 1914 to January 1915 and that prior thereto he was not an officer but was connected with the Company as assistant to the then treasurer, his uncle A. G. Cox, who
28 retired as treasurer in January 1916; that the witness has been in charge of the raw materials and of the moneys and books of account; that the officers of the Wrigley Company have primary charge of its books of account;
29 that he presumes Mr. Wrigley has charge of them; that James R. Gill, Assistant Treasurer, is in charge of the books; that the witness did not have such charge while he was Assistant Treasurer; that Mr. Eckerley has something to do with the books and that Mr. Gill reports to him but that the witness does not know just how that is; that the reason the witness made the affidavit with reference to the bookkeeping and accounting is that when the order was entered to make the accounting the matter was talked over and the witness then took charge of it;
30 that the witness has charge of buying the large items of raw materials in connection with the business but that he has not charge of the store room; that he presumes but does not know whether an account is kept with the store room; that the witness knows what records are
(1982) kept and that there is no account with the warehouse showing the raw material on hand at the end of each day
31 or each week; that Mr. Buck is the factory manager; that supplies are charged into the material accounts; that the witness does not know whether material goes out of the warehouse only on requisition as he is not familiar with that; that a so-called perpetual inventory account is and for a long time and prior to July 1914 has been kept at the end of each month which is largely on an estimated
32 basis; that the witness is not familiar with the method of withdrawals from the warehouse but that Mr. N. L. Buck would know more about that; that Mr. Gill or possibly Mr. Paine would know whether withdrawals from the store room appear on the general books and at what time; that witness is not familiar with the details; that
33 the cost of Wrigley Company's different products are figured from the costs of material, factory expenses and

various other items that come into a manufacturing business and appear on the books; that witness does not personally keep track of those items; that a profit and loss
34 account is made annually and since at least July 1914; that Mr. Paine had been Wrigley Company's auditor since the start of its business and has been its only out-
35 side auditor; that Mr. Paine makes a general audit at the end of each month and then completes the audit at the end of each year; that those monthly reports are pre-
36 served; that those monthly audits do not show profit and
37 loss account; that the annual profit and loss statements are kept; that no separate account with each brand of gum has ever been kept and no reports have been received from any auditors on the profits derived from the different brands of gum.

(1983) November 7, 1918, on further Direct Examination by
39 Mr. Aldrich, Mr. Cox testified that he is in touch generally with the books such as the totals therein and has a more detailed knowledge of the bookkeeping in connection with raw materials; that no private ledgers are kept
41 in his department; that the bookkeeping is divided into several departments; that they have offices located all over the World and that the general bookkeeper gets the accounting kept for those offices finally in totals; that the department which would get the accounting in the first instance would depend on the officer who was handling that particular division; that they have their New York factory and office, their various agencies located in Boston, Philadelphia, Los Angeles, San Francisco, Pittsburgh and the office in Central America and South America; that they have offices in Japan, London, Paris, Toronto, Canada; Sydney, Australia; that there are probably more but witness can't then recall them. When witness was asked whether all the accounts from those agencies were
42 kept in the central office here he replied no and that he doesn't think that accounts are kept where they are separate corporations but that the reports are sent to them to review and that the Wm. Wrigley Jr. Company, the West Virginia corporation, has no offices in those foreign countries. Thereupon Mr. Mayer asked Mr. Aldrich if the only question put to the witness was not with respect to the offices of the Wm. Wrigley Jr. Company and Mr. Aldrich replied No, that he was going a step further and was going to show that the Wm. Wrigley Jr. Company

owns those various corporations which because of the laws of the different countries required local organization. Thereupon the witness said that his answer covered the foreign corporations and Mr. Mayer moved to strike out the witness' answer as to the location of foreign
(1984) offices as irresponsive and not bearing upon the case, and the Master ruled that the line of examination so far
43 was proper at that time and denied the motion. Thereupon Mr. Aldrich asked the witness what ones of the foreign companies, if any, manufactured the Wrigley gums and the witness answered that the Canadian Company manufactured Wrigley brands at Toronto and the Australian Company at Sydney and that was all the foreign companies that manufactured gum and he further testified
44 that those factories also manufacture Doublemint gum; that the factory at Brooklyn is owned by the Wm. Wrigley Jr. Company and when asked if that Company does not also own a factory in Chicago and another in Sydney,
45 Australia, and another in Toronto, Canada, he said that the Company owns two factories, located at Chicago and Brooklyn. Thereupon Mr. Aldrich asked the witness what relations the Wrigley Company has to the Toronto Company and Mr. Mayer objected but the Master overruled the objection and the witness replied that it is a separate corporation. Mr. Aldrich then asked the witness to go on and tell about it and state why they accounted as the witness already said they did and Mr. Mayer's objection to the question being overruled, the
46 witness testified that those factories sent their annual reports "to us and we review them as a number of the people are stockholders of the Canadian Company". Thereupon Mr. Aldrich says he calls the witness' attention to one of the Wrigley Company's letterheads in which it is stated that it has factories at Chicago, New York, Toronto, London and Melbourne; to which the witness, after Mr. Mayer's objection was overruled by the Master, replied that he did not know; that it may be one of the let-
47 terheads printed sometime prior to its date, August 31, 1918, but that the witness does not know; that the relations between the Wrigley Company and the Toronto
(1985) Company have not been changed in recent months; that in the beginning of 1916 or the end of 1915 the Canadian corporation was organized and that the Canadian business was transferred to it by the Wm. Wrigley Jr.

Company which was theretofore licensed to do business in Canada; that he thinks but he is not sure that the Wm. Wrigley Jr. Company had been manufacturing the Doublemint gum. Thereupon Mr. Aldrich asked the witness to state if he knew what the purpose was in organizing the Canadian corporation and Mr. Mayer's objection to
48 the question was sustained. The witness then testified that the Wrigley Company had no factory in London; that perhaps when the letterhead was gotten out they may
49 have had a factory at London, Canada; that the bookkeeping so far as respects entries pertaining to the earnings of those foreign factories was not done in any department of the Wm. Wrigley Jr. Company; that "we" receive reports from the foreign factories but they are not recorded on the books of the Wm. Wrigley Jr. Com-
50 pany but "are filed in our files"; that the reports are on hand; that the witness has discussed with Mr. Paine and others in a general way the general method in which the account is being prepared under the orders of the court;
51 that they contemplated covering only the operations of the Wm. Wrigley Jr. Company, the West Virginia corporation, and none others; that the Brooklyn factory keeps separate accounts of its manufacturing and that Mr. Gill was more familiar with that than the witness; that he thinks the factory receives monthly reports from the Brooklyn factory and that the two factories are in daily touch and the Brooklyn factory bills its customers
52 and a copy of the charge sheet is received here and is preserved; that the general office of the Wrigley Company at 5 North Wabash Avenue has a record of sales in the
(1986) sales ledger; that the sales ledger does not show what brand of gum was sold but the charge sheets do and
53 they are preserved; that they have an estimated but not an actual inventory each month and as to certain items they have an actual inventory; that there is a production record which will show the relative amounts of Spearmint, Doublemint and Juicy Fruit, but that witness is not
54 familiar with that as that is in Mr. Buck's department; that Mr. Buck is familiar with the cost of production and that Mr. Gill is familiar with the general overhead expenses; that a box containing twenty packages of gum is
55 the unit of measure in estimating the cost; that the Zeno Manufacturing Company has not been in business and it has not been manufacturing gum since January 1, 1911,

except to liquidate some of its old accounts; that in the conduct of the Wrigley Company's business they kept no separate track of the cost of Doublemint as distinguished
56 from Spearmint or Juicy Fruit; that Mr. Buck has a fac-
57 tory cost system; that factory and general overhead expense is distributed on their books in detail; that the different kinds of gum have always been treated as a unit
58 in distributing the overhead on their books; that Mr. Paine assisted the witness in making the Wrigley Company's returns to the Government for excess profits and war taxes; that we then had before us Mr. Paine's report as to the distribution of overhead charges against production and we still have that report; the factory has an exact account of the number of boxes of each brand that have been manufactured but no separate account is kept of the total sales of each brand; there might be five or six
59 different brands on one charge sheet; that gum was given away for advertising purposes and Mr. Gill or Mr. Stanley would know whether it is charged to the advertising account; that Mr. Wrigley and some of his advisors, Mr. Eckerley and Mr. Atwater, fixed the selling price of various goods.

(1987) *Cross-Examination by Mr. Mayer.*

61 The Wrigley Company's office at 5 No. Wabash Ave-
nue, Chicago, occupies two floors in which there are now
62 about 125 employees; in 1916 we had about 160 to 165; their duties in a general way were to take care of the bookkeeping and the billing relating principally to the purchase, manufacture and sale of merchandise. The Chicago factory consists of six buildings which are used
63 for the manufacture of approximately twenty brands of gum. The principal brands are Spearmint, Juicy Fruit and Doublemint. The Brooklyn factory manufactures only Juicy Fruit, Spearmint and Doublemint. It is about as fifth as large as the Chicago plant and employs from 120 to 130 persons. The Chicago factory employs be-
64 tween 400 and 500. The Brooklyn office employs from 15 to 20 persons. There are also 15 to 20 employees in the office at the Chicago factory and that has been the condition in a general way during the last three, four or five years in both places. The Brooklyn factory makes a daily report to the Chicago factory office. The reports finally

65 get into the main downtown Chicago office at 5 No. Wabash Avenue. The Wrigley Company keeps books of account showing all moneys paid out and received by it and the purposes for which the payments are made and the sources from which and purposes for which the moneys are received and those books of account have at all times been so kept as to treat the business of the Company as a unit. At no time have any individual accounts been kept showing the profits or losses with respect to the different brands of gum separately, but the books and records of the Company are so kept that the individual profits or losses made by the separate brands can be ascertained and that is being done with respect to Doublemint. The books are so kept that by analyzing them and picking out the items they will be able to tell what the profits or losses are on any one brand and the information
(1988) is procurable from the books. The accounts can be
66 segregated and an accurate accounting can be made for the Doublemint both as to the cost of production and as to selling expenses. Mr. Paine's annual report shows the net profits on all the business but not as to the different brands of gum and no reports have ever been made showing the separate profits or losses on Doublemint or on any other particular brand, but the records and books were kept showing the business as to all the brands as a unit.
67 It is intended to ascertain the sales of Doublemint by taking the production less the amount on hand, but it is necessary to examine all the different charge sheets because some of the sales were made at different prices and a number of men are working on those sheets as there are a great quantity of them. I am referring to the sales slips. No separate record is kept of Doublemint sales.
68 The sales slips show the name and residence of the buyer, the place where the shipment is to be made, the date, the quantity, name of brand and prices. That information
69 is shown nowhere else. The sales slip is a copy of the invoice. One order might cover several shipments. The chief clerk informed me that there are over one million of these sales slips in use during the accounting period, each of which must be examined in preparing our account for the Master. It has been suggested that we take the number of boxes produced less the amount on hand and the amount given away and returned and get at the dol-
70 lars and cents by the established prices. We have to ex-

amine some of the sales slips on account of the foreign sales and on account of the different prices. Mr. Eckerley, who is here, can tell that better than I can. I am in a general way consulting with all the men. Mr. Eckerley is detailed to look after the segregation of the sales, Mr. Stanley and his assistants was to have charge of the
(1989) segregation of the advertising, Mr. Buck and his corps
71 of clerks was detailed to get the cost of production of
72 Doublemint. Mr. Paine and Mr. Gill are segregating the general accounts. I know about the advertising in a general way only. We advertised all over the United States in newspapers, magazines, and street cars in every State. We also used billboards, painted boards, painted walls
73 and various other advertising agencies. We kept a separate account on our books for advertising but it was not allocated on our books to the different brands. Mr. Stanley is working on that now with his force of clerks. Since I made my affidavit on October 30, 1918, we maintained as large a force working on the books as we had before.
74 Since then they worked about 800 or 900 hours and worked on Sunday and they are working nights, Saturday afternoons and overtime. If we put any more men working on the accounts it would interfere with the work of all of them as we have as many at work as can do it advantageously and as we can spare without interfering too much with our business.

Redirect Examination by Mr. Aldrich.

I can't tell how much longer it will take to finish the work but I think we will know something definitely with-
75 in a couple of weeks. We sell not only in case lots but
78 also in less than case lots. Mr. Aldrich not desiring to proceed further at that hearing, an adjournment was taken until November 8, 1918.

79 November 8, 1918.

NELSON L. BUCK, on Direct Examination by Mr. Aldrich testified:

I am general manager of Wrigley Company's factories at Chicago and Brooklyn, New York, and have been since the Wrigley Company began to manufacture Doublemint gum. There are factories at Toronto, Canada, and Mel-

bourne-Sydney, Australia, which manufacture Double-
80 mint. The factory was moved from Melbourne to Sydney,
Australia, I should say within the last month. I should
(1990) say that we had a factory at Melbourne for about two
years before the removal to Sydney. There are no other
factories. The gum made at Toronto, Melbourne and
Sydney has been dressed the same as that made by the
Wrigley Company except as to the name of the Company
and so forth. The name of the Company at Toronto is
Wm. Wrigley Jr. Company Limited. Thereupon Mr.
Aldrich asked the witness when that Company was or-
ganized and Mr. Mayer objected but the Master overruled
81 his objection, and the witness replied it was organized
January 1, 1916. The production of the foreign factories
is reported to my department. We keep a record at the
Chicago factory of every invoice that pertains to manu-
facturing at the factory office and record those invoices
82 before they go to the general office for payment. Part
of the material is purchased from the factory office and
other parts, of the general office. As the materials come
into the factory they are recorded on receiving sheets;
then as the invoices come in the invoice quantities are
compared with the receiving sheet quantities. We have
no one store room. Our material is stored on perhaps
twenty or thirty different floors. Such material as the
stockkeeper keeps direct supervision of goes from his
department to the department where it is used and we
aim to keep a record of it. We have no system of requi-
sitions upon the stock room. We keep the record of with-
drawals on the basis of consumption each month. Our
books shows the amount of different kinds of materials
83 consumed in manufacture each month so far as classes
go but not individually as regards the specific kinds of
supplies used in each kind of gum. We have a record
showing the number of boxes of the different brands of
84 gum manufactured each day. The principal brands are
Spearmint, Doublemint, Juicy Fruit, Zeno and other mis-
cellaneous brands. The three principal brands are Spear-
mint, Doublemint and Juicy Fruit. Some of the other
(1991) brands such as Zeno have the Wrigley name on it.
We deliver the manufactured gum to the shipping depart-
85 ment which I should say is under the supervision of Mr.
Eckerly. Our records show an accurate statement of the
total production of Doublemint gum from day to day.

The Doublemint productions are not in any separate column but they are shown on the record books so that they
86 can be singled out from others. The amount of each gum wrapped is available from the production book. The daily reports from the New York factory show the amount
87 of each different kind of gum wrapped. We have a cost system in which we get the average cost per box of gum produced at each of our Chicago and New York plants each month. No separate costs are compiled as to the costs of each kind of gum. This whole cost system is based upon the average cost produced for each month. We get at this cost by knowing the value of the stock on hand at the beginning of each month and to that we add
88 the value of purchases received each month. From the total stock on hand plus the total value of stock received during that month we subtract the value of the inventory at the end of the month. The difference represents the value of material consumed in the factory for producing the number of boxes turned out during that month. We
89 have records which will show exactly the value of the material that goes into each kind of gum. We do not assume the cost of each brand to be the same. We have a formula for the manufacture of each brand and can compile the cost of the materials entering into the making of a given amount of gum. Gum to be given away for advertising purposes is not so designated in my department. We have a record of the reports received from the foreign factories as to their production; I would not say we have the original reports. To the best of my knowledge there
90 are only two foreign manufacturing companies. I am not
(1992) an officer of the Toronto factory. I go there occasionally. As the gum is manufactured and put into the
91 kettles we list those records in batches made. We manufacture gums under several different formulae, of which we have a record. At the end of each month and of each year we know the total number of batches made, but we do not separate in any of our yearly accounts the number of batches of each brand of gum made. This can be determined by going through day by day. After this gum is manufactured it is sent down to a wrapping department and the operator of each machine records the amount of each brand of gum that she wraps each day. A duplicate of that record goes to the inspecting and pack-

ing department and the original is sent to the office. The gum is counted in the inspecting department to see if it corresponds with the record. If it does not it is adjusted. The production record is entered into a permanent book showing the amount of gum in boxes produced on that one
92 machine covered by that record and the same system is carried out in each of our wrapping machines. On each of those records (cards) we show the amount of gum produced of each kind and the brands are also shown on the permanent records, especially of Spearmint, Juicy Fruit and Doublemint. As the gum is received in the inspecting and packing department a record is made there showing they received it, so that as they make deliveries to the shipping department we can keep a record as to whether
93 they are making any mistakes. As the gum is delivered from the inspecting and packing department to the shipping department it is recorded on regular delivery sheets which come down to the office. At the end of the day we make out a so-called recapitulation sheet showing the number of boxes and the detail of the brands delivered to the shipping department for the previous days and it is recorded on that sheet and one copy of that sheet is kept in our office, one copy goes to the shipping department
(1993) and one to the general office. We have the sheets up to a certain time and for the last three or four years we
94 have them in book form. The first entry in my depart-
95 ment is made in the manufacturing batch book. The next book is the wrapping book. Then comes the recapitulation of the daily recapitulation sheets showing the aggregate deliveries each month to the shipping department of each brand. Then we have what we call the cost book in which we enter the cost of material purchased as it is
96 received and at the top of that book we show the value of each class of materials such as chicle, sugar, wrappers, etc. That also shows the total number of boxes produced during the month, then by dividing the number of
97 boxes into the aggregate cost we get the cost per box. The batch book does not identify the batches but merely
98 shows the number of batches manufactured and I think the brands. Our wrapping department is absolutely correct. We can tell the amount of material which went into each batch by our formulae. By dividing the total value of materials consumed by the boxes we get our average
99 cost per box for that month. It carries the salaries of the

men, the officers whose duty it is to take care of the production end of the Company. We have also in there taxes and such overheads as are directly applicable against the factory including the labor of the factory but no expenses for advertising or non-productive labor such as my salary or the president's salary. My labor does not go into wrapping or manufacturing any gum. All the office expenses and overhead of that kind, advertising expenses, traveling expenses and things of that kind are excluded from the cost that I have been speaking of and neither I nor my records have anything to do with them at all.
100 The total amount of Doublemint that was produced can be compiled from the books. It has not been tabulated in
(1994) daily reports nor compiled by months or weeks. The deliveries have been recapitulated as far as flavors are concerned or brands, but the manufacturing has not been recapitulated or separated by brands. For the last two or three years receipts by brands have been given by the shipping department but before then there was no record or recapitulation but it can be worked out and it is now
101 being worked out under my supervision.

Cross-Examination by Mr. Mayer.

I am unable to give a detail as to taxes. That is determined at the main office by Mr. Cox and whatever he sends over to charge against the production we take without question. Rent is charged on my books for the use of the factory. We actually rent in New York and that charge is a proportionate charge by the factory.
102 The plaintiff in this suit has no factory outside of Chicago or Brooklyn. Expenses of agencies have nothing to do with my figures in getting at the factory cost which I was explaining. The books under my jurisdiction are so kept that the factory cost of Doublemint can be separated from the factory cost of other brands. There are no separate accounts kept showing profits and losses with respect to each of the brands. I have nothing to do with
103 the advertising. Spearmint, Doublemint and Juicy Fruit have been extensively advertised for years. There is no advertising of other brands. I didn't mean to convey any
104 contrary information. Doublemint is sold in China and Japan but not in labels printed in English. Some foreign Doublemint labels are the same as those in this country

105 and some are not. I have been assisting in preparing the account to be filed before Master Morrison. We are separating out the costs of Doublemint by years and are carrying out instructions to do it as rapidly as possible. (1995) We have 15 people in the office and average five all the 106 time working on the account, including evenings. Our regular work is falling behind. We have taken on two 107 extra employees on account of the account. We have as many men at work as would be practical.

Redirect Examination by Mr. Aldrich.

108 So far as the production records and costs are concerned it was necessary to go to the shipping records but the main office records are stored at the factory or in the shipping department. I have heard about five truck loads of books were taken over to the general office. The trucks are five ton trucks.

Recross Examination by Mr. Mayer.

Those records were stored in the shipping department 109 storehouse for some time. At the rate that we have been working it will take two or three weeks to finish my end of the work.

EDWARD W. ECKERLY called as a witness by the Larson Company.

Direct Examination by Mr. Reed.

I am vice-president of Wm. Wrigley Jr. Company and have been since January 5, 1915, and was connected with the Company for several years before that and also prior to July 28, 1914 as general manager and since then have 111 been general manager and vice president. I take care of the office in general, hire some of the employees and take care of the office force. I don't do the book-keeping. I have something to do with all the departments including 112 the shipping department. I don't supervise the books. Mr. Gill does. He is assistant treasurer. Mr. Cox is treasurer but has very little to do with the books. I look over the accounts and approve of orders in a general

way on the sales end. We have sales ledgers which show the sales in dollars and cents. The books showing the cost of material are kept in Mr. Gill's department as are
(1996) also those showing the amount expended for sa' ies
113 and labor. We have recapitulation sheets that shov deliveries from the factory to the shipping department. The sheets are recapitulated in a book kept by Mr. Gill which shows the quantities of different brands of gum received by the shipping department from the factory but I don't know but think it dates back several years. The shipping department keeps no book showing shipments. They
114 keep a duplicate of each shipment sheet, but do not enter it in a book. The original is entered at the main office, 5 North Wabash Avenue. The books will show the amount of gum sent out for advertising yearly. Mr. Gill will probably take care of that. The price of such gum fluctuates. Nothing can go out of the factory or shipping department unless there is a sheet put through and that has
115 to go on the ledger. When gum is shipped for advertising purposes a charge goes right on the ledger under advertising and then is transferred. We have a complete record of all those. The charge changes from time to time. It would not be charged out at a sale price but probably a little higher than the cost price, just as a means to get into the right channel. We make a flat charge for the gum used
116 for advertising purposes without fixing any fixed percentage on the cost. The advertising ledger is kept by Mr. Gill. We naturally must have a separate account of this advertising. I have nothig to do with the manufacturing or the manufacturing books or that part of the manufacturing which relates to the labels, wrappers or books that show those. I have something to do with the shipping department. They keep a receiving book of
117 merchandise that is bought; that would not enter into the manufacturing end at all. We handle a great many articles of merchandise like clocks and different things. They are kept in what we call a shipping and receiving book. A receiving book is kept at the factory showing a grand
(1997) total of what goes from the manufacturing end into the shipping department. I don't know whether it shows
118 the different brands or just a grand total. The recapitulation sheet is made in triplicate. It shows the amount of different brands of gum received by the shipping department just as Mr. Buck stated. If a shipment of gum

went out of the shipping department a record would be shown in the duplicate sales sheet. The shipping department has the duplicate of the sales sheet to show what it ships. What is not shipped does not appear on the sales
119 sheet, but the duplicate sales sheet is kept until it is filled. They have no books except those sheets which were described yesterday. The shipping department keeps the receiving book and the records, the recapitulation sheet.
120 The shipment which is returned is recorded in the receiving book. It is the same set of books. They are just kept there for records. I distinguish between records and books. They are not kept in those books like they would be in our ledger where they are checked over by different clerks. We surely aim to have them correct. I never have employed the Company's auditor and I don't know of any other audit of the Company's books than by Mr. Paine. I am not sufficiently familiar to say how long
121 it takes to make a monthly audit. We issue what we call due bills for gum. A due bill would be a slip issued for an unfilled part of any order. For instance, on a shipment after we would have a customer listed with 30 boxes of chewing gum the man might want 5 boxes and take a due bill for the balance, 25 boxes. The due bill is then returned on a later date for all the gum or a part and a new bill issued for the balance. When that due bill comes to the main office from the customer it is treated exactly the same as an order and shipped on a shipping sheet through the shipping department. There is an absolute
(1998) record of every shipment. The due bills specify the
122 dates of shipment. The due bills are filed numerically and kept in files as far back as I know of. When we issue a due bill we mail it to the customer and the stub is the record just like a check book. We put on the original charge sheet and invoice the number of the due bill and the cash which is due for the number of boxes. The stub is a duplicate of the due bill.

123 *Cross-Examination by Mr. Mayer.*

We do not keep separate accounts showing the separate profits or losses of each of the separate brands of gum made by our Company. I think our books and records are
125 so kept that the information can be segregated and ascertained and we are doing that with respect to Doublemint.

When the court ordered us to account we put as many men to work at the account as could possibly do it accurately without interfering with each other. I think two
126 or three weeks more will show results. Probably three or four were working last Sunday at the main office. I was at the main office but not at the factory on that day but I think they worked there.

(It was stipulated that the Clerk of the District Court may deliver to Master Morrison all the records in the case for use by counsel upon this hearing including the certificate of evidence and all physical exhibits subject to all proper objections.)

128 November 11, 1918.

HERMAN S. PAINE, a witness called by the Larson Company:

Direct Examination by Mr. Aldrich.

129 I am a certified public accountant. I supervised the installation of the accounting systems of the Wm. Wrigley Jr. Company in the accounting department at the main office in March, 1908. I have had nothing to do with the accounting system at the factory. I have examined the books of the Wrigley Company about once a month
(1999) since January, 1911. On these monthly examinations when I first go in I count the petty cash from which disbursements are made and for which they have receipts. The total of vouchers on hand for cash disbursed should equal the established petty cash fund. All other disbursements are made by check. I check all the checks in the check register, see that they are properly distributed and make a bank reconciliation and then I check all postings from the books of original entry to the general ledger, foot the general ledger and check the control balance. By the method of keeping the accounts receivable and
130 accounts payable ledgers we prove the detail of that work by the totals which are posted to the general ledger. I mean we have a control for the accounts receivable ledger and the purchase ledger. The balance on this control account should equal the balances shown by the accounts receivable ledger and the purchase ledger. I also check all the vouchers to the customers and foot the payrolls.

I believe that covers my monthly examinations. I make a detailed monthly audit of everything but the postings to the customers' accounts and postings to the purchase ledger and the figuring of invoices of purchases of materials and expense items. There are a great many thousand dollars paid out for an internal audit there where the invoices received by the Wrigley Company are O. K.'d, prices approved, extensions proved and footings proved. I don't do that. That's all entered up in the purchase record. My detailed monthly statements do not show the profits on the business for the reason that there is no monthly inventory taken that's entered into the books; there is no physical inventory taken, actual count that I know of. It is not entered in the general ledger, therefore you cannot know the net profits unless you have
131 a physical inventory which is entered into the ledger. I
(2000) believe they have a perpetual inventory but I don't have anything to do with that because it don't enter into the work of the general ledger but I believe it is for their own information. I have nothing to do with the work outside of what I have just told you. I know of no other outside accountants having been employed on the books than myself. The books which I examined in the general office do not show the factory production. That can be found this way: The invoices after being O. K.'d by the factory are returned to the office and they are entered up in the purchase record and distributed according to the
132 nature of the purchase. A concern is credited with the amount in the accounts payable with the material, and if it is a certain kind of material it is distributed in these columns and all material is posted to a material account in the general ledger except one account which is chicle. We have a perpetual inventory in the general ledger on chicle only but not on any other material. We have a factory expense account, factory administration and a number of accounts pertaining to the factory as well as one sales account only. We only have one sales account in the general ledger. We have an advertising account and advertising matter. The advertising is all one account with the exception of advertising matter and they carry items such as circulars and stationery. That is not distributed between the different kinds of gum. We don't keep departmental accounts. There is only one account that represents the entire sales of the Company. The

gross sales are credited and this account is debited with all returned goods and therefore the balance is the net sales of any period, but there is no separate account kept
133 of gum sales; all the sales are in one account; there was a separate account of advertising as a whole and advertising matter, two accounts of the advertising, that is,
(2001) only advertising matters goes into one account. All stationery and circulars and letters that they consider are advertising matter they put in advertising matter account. That is not distributed to the different kinds of gum but is kept in two accounts, all advertising. There is no separate account kept of the different kinds of gum in the general ledger. I don't examine any of the books that pertain to anything but the general ledger. I don't know whether there is any separate account kept of the different kinds of gum in any other book. They keep some records but I have not checked them because they don't pertain to the work that goes into the general ledger and I don't have anything to do with that. As to the ad-
134 vertising account all I do is check the postings from the books of original entry to this advertising account, see that everything in the books of original entry that is called advertising and advertising matter are posted to the correct accounts in the general ledger. I don't check any of the bills and my examination does not embrace the factory department. I make a monthly examination; as they close their fiscal period December 18th, I come in as
135 soon after that as they say they are ready and have taken their inventory and it is entered in the books and the books closed, and then audit the month separately and after I complete that audit I make up statements which reflect the condition of the business for the whole fiscal year. The cost manufacturing statement shows price of production, the prime cost, manufacturing cost. That balance I carry into a trading account which is credited to the sales, and to get the gross profits I have an additional statement which is called a financial statement that does not exactly pertain to the costs, and then I get a balance from that which I carry to the credit of a profit
(2002) and loss account and put all the so-called overhead of the different accounts in that; and to get the net profit I make up a surplus statement showing how the surplus stands which is carried to a balance sheet which shows the assets and liabilities of December 18th, which is the

close of the fiscal period. I have made such reports dur-
ing 1914 to 1917 inclusive and they are all on file. I am a
136 member of Paine & Bock Auditing Company. I also have
copies of those reports. It takes about two days to make
up the monthly accounts and outside of the audit I spend
probably a day or two and there is other work to do with
reference to the income statements and other things I
work on so that I should judge it takes about two or two
and a half days more to audit the books for the last month
and make up the statement. I have prepared the state-
ments for the year 1914 and following for the War income
137 tax but not the excess profits. Mr. Cox has charge of that.
In these monthly or annual reports the depreciation and
light and power and selling, general expenses, salaries,
etc. appear and everything is itemized and can be checked
with the profit and loss account in the general ledger.
My net profits must be the same, if the books are correct,
as the balance shown by the profit and loss account in the
general ledger. Everything that has been carried over
as an asset is put into profit and loss account. Therefore
commissions and advertising, advertising matter, postage
and all expenses pertaining to the business would be in
the profit and loss account. If any advance disburse-
ments are made on something that's to be charged to a
subsequent period, that would be carried as an asset over
into the period to which it belongs if that is the case. I
have never prepared any report or data for the purpose
of showing the cost per box of their different gums.
138 That has not been embraced in my audit. The reports do
(2003) not shows the number of boxes sold in any given
period. We just keep a sales account in dollars and cents
in the general ledger. That record is not in the general
ledger at all or in the books of general entry to be carried
to the general ledger books because I would get it posted
there. The record of the sales made to a customer would
show the kind of boxes, the kind of gum and the selling
price in almost every instance, I am not sure whether
it shows the gum in every instance. There is a book I
understand in which is recorded the number of boxes but
139 I don't check that and I am not familiar enough with it to
say what is contains.

Cross-Examination by Mr. Mayer.

The books are not so kept as to show the profits made by any individual department but treat the business as a whole. We can tell from the books how much has been paid out for advertising. In order to know whether the items of advertising should be charged against one brand or another or how to charge it with respect to brands it would be necessary to analyze the advertising. That would take you back to the book of original entry in which they are posted and that would refer you to the bill and that bill would show what they are paying for the advertising.

140 The profit and loss is determined on the whole business as a unit and no separate account is kept in the general ledger as to the separate brands showing profits and losses. It is possible to segregate from the books and records all necessary items to determine what the profits and losses have been during a period on any particular brand and I am and since October 17th have been assisting in the doing of that as to the Doublemint brand and I was specially engaged on October 17th for that purpose.

(2004) I was instructed to put all I could and take out of
141 the office there those that were competent to do this work and as many as I could put on the work immediately to ascertain the sales of Doublemint gum and returns and the advertising pertaining to Doublemint gum, the advertising matter and everything that the record would show that was a credit either to the sales of Doublemint or charged against the sales in order to find out the net profit or loss on Doublemint gum for 1914, 1915, 1916,
142 1917 and down to September 1, 1918. I don't quite recall the date. The account was to be brought down to the time when the Doublemint label was changed by the Wrigley Company and we are going to do that and that work has been prosecuted as diligently as it can be without putting so many men to work that they would interfere with each other. We have had on an average of over twenty men a day since October 17th. We put in 3,000 or 4,000 hours, I have worked some Sundays and nights and have interfered with the detail work in the office; we have taken clerks away from the work there so that the work is behind there. I have put in all my time on it and we have done everything that we possibly could

143 to further the work. There is so much to be done that I don't see how with all the help I can get, we can prepare a correct statement of the profits and losses made by the Wrigley Company since July 1914 up to the time the label was changed this year inside of three or four weeks. Good progress has been made up to date. No one but myself has been employed outside of the clerical force of the Company. We kept track of the names of the people working on this account and of the hours they put in on it. From October 17th to October 29th inclusive, 1409¾ hours was put in on this work and on October 30th 26
144 people put in 161 hours; October 31, 1918, 33 people put in 182¼ hours; November 1, 1918, 26 people put in 143½
(2005) hours; November 2, 20 people put in 85½ hours; November 3, Sunday, 9 people worked 36 hours; November 4, 27 people worked 171½ hours; November 5, 31 people worked 178¾ hours; November 6, 39 people worked 247½ hours; November 7, 25 people worked 133 hours, making a total since October 30th of 1339 hours, which added to what was previously reported, makes 2748¾ hours. An average of 50 women and 168 men or 236 persons worked at this during the 9 days from October 30th to November 7th for 1339 hours. Auditors generally work 7 hours
145 a day. November 7th was an off day. It was the day the War was over. 23 men worked there on November
146 8th. The books have to be balanced in order to ascertain the profits or losses and that balancing is done only once a year. The length of time required by this enormous number of persons to ascertain the profits or losses of Doublemint is due to the necessity of analyzing and segregating thousands of items. There are 607 sales binders, each having 2000 sheets which would make 1,200,000 to be inspected. A sheet will be turned to and there may be no Doublemint. The next sheet will have Doublemint and other gum and these invoices have to be read. You can't examine them very rapidly and pick out the items. That's
147 only part of it. The remaining books and records that have to be examined are also voluminous. We have to go through the credit binders for any gum that is returned and ascertain what it is and if it is Doublemint, take it off. We also have to go to the freight binder for prepaid freight on the gum. Then there are the advertising books that have to be examined to see what advertising was

done on the different brands and pick out that which was done on Doublemint, get out the bills and figure that up.

(2006) *Redirect Examination by Mr. Aldrich.*

148 The reason it was necessary to go to the sales invoices instead of to the production book was because the prices changed during this period, 48, 52, 55 cents, and therefore you can't tell what it sold at unless you look at the sales tickets. The production book has nothing to do with the sales ticket to a customer. He sends in a letter and orders 100 boxes of Doublemint. That is made up in triplicate and one sent to the factory and they ship out that 100 boxes and that ticket comes in and he is billed
149 in the regular way, and the total is charged, and at the end of the month the total is credited to the sales account in the general ledger. When the production department has sent the sales department a copy of its record of production and the deliveries to it, the sales department enters the sale of that gum on that sheet. The sales department is down town, where the prices are put on. There is no sales department at the factory and the factory does not know anything about the price at which the gum is sold. I have nothing to do with the factory. They
150 are now taking off the sales of Doublemint from the charges to customers. We tried to figure out some shorter way but we found I would have to take this record in order to be sure. You can't take any short cut on that but have to refer to the actual sales invoice to get the actual sale.

Thereupon, Mr. Aldrich, in answer to a question by Mr. Mayer as to whether he could suggest a shorter way,
151 replied that he thought a shorter way has already been made plain in this record. The witness, continuing, said that the Wrigley Company keeps books showing the return of goods. We are working on different years in this account. If we could know the actual sales from the
(2007) factory of Doublemint, we would still have binders and binders to go through to find out the prepaid express and the prepaid freight and even if they told us there were so many thousand boxes sold at whatever it may be, we would still have to go through the sales binders to find out. We have both a freight and express account. We charge the returned goods direct to the sale but have no re-

152 turned goods account. In this monthly audit and annual audit I testified about, there was included the account of the factories at Toronto and Brooklyn. I don't know the name of Melbourne that is used. I don't know and can't tell about Sydney, Australia but do know about Brooklyn and Chicago. When asked if it was not the purpose of the statement now being prepared to exclude the Toronto profits, Mr. Paine said, "We are going to take off all these separately, Brooklyn, Toronto and Chicago," and that they were separating foreign sales.

Recross Examination by Mr. Mayer.

153 Without referring to the binders from which the sales were made, we can not tell how much freight was paid out for Doublemint gum. We have to examine each ticket in each of the binders in which the prepaid freight is kept and in each of the binders in which the prepaid express is kept in order to find out what prepaid freight or prepaid express was paid on Doublemint. My opinion is that the bulk of Doublemint sales has been to points outside of Chicago. The Wrigley Company pays the freight and express charges on the shipments of Doublemint gum out-
154 side of Chicago. It is an expense of selling. These tick-
(2008) ets in the prepaid freight and prepaid express binders will not show what was paid on Doublemint as distinguished from some other brand without going to the invoice, which involves more work. The invoice shows what was paid on the shipment, and if the shipment consisted of Doublemint and something else, we have got to find out how much of the total freight was on account of Double-
155 mint. I have no information and do not know as to how long the West Virginia Wrigley Company owned the Toronto factory. You can get the information out of the general ledger.

Redirect Examination by Mr. Aldrich.

It never occurred to me that it would be proper or advantageous to have the books show an account with the different brands of gum. It was never considered a minute for the reason that a box of gum from the factory is a
156 box of gum. It does not make any difference what I call

it and it was never considered necessary to open separate accounts with the different brands of gum. I don't know as to the cost of every box of gum being the same but there is no use of entering up separate accounts with the different brands. I don't know anything about a bill having been filed in 1915 asking for the profits of Doublemint.
157 I am the only one from my office that is working on the case. All the rest are Wrigley employees. Some of the
158 employees have been taken off their regular work for the whole period and put on this work and do nothing else, and others devote part of their time to this work. Mr. Ross keeps track of the time. We have a regular time sheet of the names and the hours put in. I advised that so we would have a correct record and can prove it. Since
(2009) October 17th to November 7th, 2748¾ hours time have been put on this work.

159 Thereupon Mr. Aldrich said that he would take the Master's decision now as to what time should be given for filing the report and that he does not wish to make any argument and that he does not want any delay.

160 The Master then ordered that plaintiff have until Tuesday, December 3, 1918 at Ten O'clock in the forenoon to prepare and file its account.

Thereupon Mr. Mayer said that in reading over the proceedings of November 6, 1918 before the Master, he
161 finds that it does not disclose the following situation or the following proceedings which in fact took place, viz.: It does not appear from the transcript in question that as soon as Mr. Aldrich undertook to examine Mr. Larson and other witnesses who have not made affidavits before the Master that Mr. Mayer objected on the grounds that such testimony was incompetent, irrelevant and improper, and that there is no issue pending as to which such testimony could be heard; that the Master was without power to hear any evidence except of the affiants whose affidavits were filed in support of plaintiff's motion to enlarge the time, unless and until plaintiff's account had been filed or the time allowed therefor had expired and plaintiff had refused to file an account; that under the decision in the Beckwith case, 207 Fed. until that time there would be no issue, that the Master would not be able to fix any form of oath and it would be impossible for plaintiff to cross-examine because plaintiff would not know what the issue would be; that Mr. Aldrich in objecting to Mr. Mayer's

position said that he, Mr. Aldrich intended to make a mo-
(2010) tion and that the evidence which he was about to introduce was to support that motion; that Mr. Mayer thereupon asked Mr. Aldrich what that motion was and Mr. Aldrich declined to state what it was at that time, saying that he would disclose it later; that Mr. Mayer requested the Master to compel Mr. Aldrich to then disclose his motion and that the Master did not at that time require such disclosure but said that he would hear the evidence, subject to Mr. Mayer's objection; that thereupon
162 L. P. Larson, Jr. was sworn and examined. That from time to time Mr. Mayer's objection was renewed and was particularly renewed before Mrs. A. G. Loveless was sworn; that Mr. Mayer's reasons for the objection were the same as already stated; that Mr. Aldrich was again requested by Mr. Mayer to state what his motion was; that Mr. Aldrich still refused to disclose it and that the Master did not then yet require Mr. Aldrich to disclose the motion; that the objections which Mr. Mayer made to the testimony of Mr. Larson and Mrs. Loveless and to the introduction of the documentary evidence by Mr. Aldrich were as already stated by Mr. Mayer but that the Master did not sustain the objections but permitted Mr. Aldrich to proceed without disclosing his motion; that the objections in question were again emphasized by Mr. Mayer when Mr. Aldrich called Mr. Cox and that the objections to the documentary evidence were not limited to the objection that it was secondary; that inasmuch as the transcript of the proceedings of November 6th were sought to be condensed either by the stenographer or the Master and do not disclose the situation as Mr. Mayer has just stated it in his objections, Mr. Mayer desires the Master
(2011) either to have the proceedings of November 6th transcribed by the stenographer correctly so as to conform to her minutes or that the master should make a statement in a condensed form in the record showing that what
163 Mr. Mayer said took place did in fact occur. The master thereupon inquired whether there was any objection to Mr. Mayer's statement aforesaid going into the record, to which Mr. Aldrich replied that he had no objection thereto but that he disputed some of the facts of the statement, and that he insisted that many of Mr. Mayer's objections are already in the record. Thereupon, Mr. Mayer said that he wished further to state that after several wit-

nesses had been examined by Mr. Aldrich over Mr. Mayer's protest, as aforesaid, the Master asked Mr. Aldrich what his motion was and that Mr. Aldrich stated that it was to restrict the time within which plaintiff could file an account if the Master concluded to enlarge the order. Thereupon, the Master inquired of Mr. Aldrich whether he desired to make any statement, to which Mr. Aldrich replied that he did not and was willing to stand on the record as it is made, whereupon the master asked Mr. Aldrich if he had any objection to the Master saying that what Mr. Mayer has stated fairly represents what actually transpired, to which Mr. Aldrich replied no, that he had no objection to that if that was the Master's recollection of it, but that he, Mr. Aldrich, did not think the Master ought to state until he examined the record
164 that the substance of it is not in the record.

The Master then stated that he was quite sure that a good part of it is in the record but that he did not think the record disclosed that Mr. Aldrich said he proposed to make a motion but declined to make it at that time. Mr.
(2012) Aldrich replied that is true and that he did say that.
164 Mr. Mayer then said that there was another thing that he thought should be put in the statement and that is that Mr. Aldrich when refusing to disclose his motion at Mr. Mayer's request also stated that he would connect the evidence which he was about to introduce with other evidence to support the motion to be made and that the Master said in permitting the evidence to be heard that he would rely upon Mr. Aldrich's statement to make the connection. Mr. Aldrich thereupon said that Mr. Mayer may add to that at this time in connection with this suggestion that Mr. Aldrich did show by references to the record. The Master then stated that Mr. Mayer "has stated substantially what took place"; and that Mr. Mayer took the position that no witness should be examined except those who had made affidavits in support of the motion to enlarge the time and that Mr. Mayer made timely objections when other witnesses were sworn and
165 made objections to questions put to such witnesses, basing his objections on the grounds already stated; and that the Master sought to eliminate argument but intended the transcript to show Mr. Mayer's objections and the grounds upon which they were based.
166 Mr. Mayer then said that he does not wish to object

to the method adopted by the Master of digesting the daily proceedings before him so that as they are struck off by the stenographer, they are not verbatim copies of what actually occurs except as to the testimony, but having reference to the statements of counsel, motions, objections and things of that kind. The Master then said that insofar as objections are concerned, they are taken down but argument and statements and all that sort
(2013) of thing is eliminated. Mr. Mayer replied that he has no doubt it was intended to take down all objections but as he had occasion to observe on a prior hearing they were not on that particular occasion at least put down in full.
167 The Master replied that some judgment must be used about what is argument and what is objection and that sometimes it is pretty hard to tell where the objection really leaves off and and the argument begins. Mr. Mayer then said that he wishes to be sure that there never will be any question raised but what plaintiff objected, as it did, and Mr. Mayer now repeats the objection to the Master entering any order on plaintiff to file any account and to the Master entering the order which in fact he did enter directing plaintiff to file an account under Equity Rule 63. That plaintiff's position is, and Mr. Mayer says he believes it has been made clear to the Master from what has been heretofore said from time to time, that neither the record nor the decree of reference to the Master justifies the entry of the order; that Mr. Mayer desires the objection to be a matter of record before plaintiff files any account so that if plaintiff's position is ultimately held to be right, the record will justify plaintiff in saying that plaintiff objected in due time and did not file any account or comply with the Master's order without properly preserving plaintiff's objection.

Mr. Aldrich replied that he desired the record to show that he does not understand that any objection to the power of the Master to order the account as entered was
168 made at the time order was made by the Master; that the question of time within which it should be done was raised by Mr. Mayer but that the Master had the power to make the order made was never made so far as Mr. Aldrich now recalls until this time. Mr. Mayer having already said
(2014) that he was not in this case at the inception, then said
168 that he was not personally here and if there is any doubt about it, he now moves to vacate the order directing plain-

tiff to file the account, adding that it is immaterial to him how the record is preserved but that he wishes the record to show that plaintiff is complaining of the entry of the order directing it to file an account and that plaintiff is making that complaint and objection before complying with the order. Mr. Aldrich then said that he desires the record to show that the objection is made now; that the time when Mr. Mayer's objection is made right under some circumstances be important but that Mr. Aldrich does not think it can have any importance in this case but still he wishes to have the record as it is. The master
169 then inquired whether there was a motion up for him to pass upon, to which Mr. Mayer replied that unless the proceedings as they will be reported by the Master to the cout indicate an objection duly made by plaintiff to the Master's ordering plaintiff to file an account, then Mr. Mayer will ask the Master to pass now upon a motion which Mr. Mayer now makes to vacate the order which the Master already entered. The Master replied that the record will show whether objections were made at the time; that he does not now recall that they were, but so that Mr. Mayer may save the question, the Master then denied the motion just made by him and upon Mr. Lane's asking that the Master note an exception, the Master replied that was not necessary and that exceptions save themselves.

Mr. Mayer then stated that on behalf of the plaintiff Wm. Wrigley Jr. Company it has prepared and he has
(2015) present a statement of account prepared in response
169 to the Master's order; that he wishes to emphasize the fact that there is nothing in the record either in court or before the Master to indicate that any sales have been made or induced by reason of the dress, wrappers or labels referred to in the Master's order or that any gain, advantage or profit has accrued to plaintiff by reason of the use thereof, or that any business has been diverted from the L. P. Larson Jr. Company by reason thereof;
170 that he also wishes to object to the filing as well as to the introduction of the account which has been prepared on the further additional ground that the proper basis of proof has not been made for requiring the filing thereof or for justifying the introduction of the account, and that the cross claimant, the L. P. Larson Jr. Company, is not entitled to recover except, if at all, for such damages as

it suffered or such profits as accrued to the Wrigley Company by reason of actual deception or confusion resulting from the use of said dress, wrappers or labels, or by reason of fraud induced thereby or loss of business suffered because thereof; that such actual deception, confusion or wrong doing, or diversion, and the extent thereof must be proved to have occurred before the counterclaimant is entitled to such account, and further that it is only entitled to such damages, if any, as may have been suffered by reason of diversion of business and loss of trade due to the wrongful use, if any, of said dress, wrappers and labels, or such profit, if any, as may have accrued to the Wrigley Company by reason thereof, through confusion or deception induced by the
(2016) use thereof in territory where the Wintermint packages and labels of said Larson Company had acquired a reputation associated with it before the sale of said Dou-
171 blemint in said territory, and Mr. Mayer then drew attention to the fact that the decree entered on October 14, 1918 referring the case to the Master only orders an account of gains and profits arising from the manufacture and sale of plaintiff's Doublemint in the dress enjoined by that decree. The Master thereupon referred to the fact that the court had referred the case to him and that it was plaintiff's duty under Rule 63 to file an account and an order was entered directing plaintiff to do so, and that the time was given for that purpose and extended and within the time the plaintiff now presents an account, to which Mr. Mayer replied that he would do so if the Master overrules his objections and that what he, Mr. Mayer said in his last statement was an objection against filing the accounts and the objection was made so as to procure a ruling of the Master before actually filing the account, which Mr. Mayer then had present; that the objection was against being required to file the account, as well as against its being introduced in evidence. The Master then overruled the objection. Mr. Mayer then excepted to
172 the ruling and the Master held that it was not necessary, according to the Master's rulings for plaintiff to except to any adverse rulings and that every exception will be preserved without so stating whenever the Master rules adversely, and that such is the practice before him. Thereupon Mr. Mayer handed the Master Wrigley Company's
173 account sworn to by Vice-President Eckerly, and marked

"Filed December 3, 1918, C. B. M., Master", down to and
(2017) including August 24, 1918. Mr. Mayer then said that
173 August 24, 1918 was a Saturday and the last day on which plaintiff sold any Doublemint gum in the dress in controversy; that after that date a change was made by substituting for the individual wrappers of each stick of gum contained in the packages a white wrapper; that without intimating that the change was not sufficient to justify stopping the accounting on that day but so that the master could have before him all the facts, plaintiff will also file, reserving all objections made, an additional account with respect to the business done under the changed package to, he thought it was October 4, 1918, when a second change was made by the Wrigley Company by the substitution of a pink wrapper for each individual stick of gum and a pink outside wrapper, and possibly other changes, for and in lieu of the white individual stick wrapper which was begun to be used immediately after August 24, 1918, and for the green wax wrapper in which
174 the packages were wrapped for some time prior and up to August 25, 1918; that to prepare a second statement will require a little additional time and that Mr. Mayer wishes to introduce a little proof with respect to the time before asking the Master to fix the time.

Mr. Mayer then drew the Master's attention to the reservation of objections in the account just filed which are as follows:

Plaintiff, responding to the Master's order to file an
175 account, files under protest the attached account and for grounds of protest says:—

First: The Master's said order "is not warranted by the record or by the order of reference herein."

Second: No sales of Doublemint were made by plaintiff except under its own name as manufacturer and in boxes and wrappers plainly identifying it as plaintiff's product, and no gains or profits accrued to plaintiff by
(2018) reason of its Doublemint gum having been sold in the enjoined dress except as such dress identified the said product with plaintiff's name, reputation and advertisements, and which gains and profits would equally have accrued to plaintiff if Doublemint had been sold in dress corresponding in all respects (except plaintiff's registered name Doublemint and its registered trade-mark Double Spear) with those used by plaintiff and identified

with its reputation when the Larson Company's product was first placed on the market and for many years theretofore.

Third: No Doublemint was sold as or confused with Larson Company's Wintermint or any of its products.

Fourth: Expressly reserving all objections heretofore made by plaintiff to the Master's order to file an account and expressly subject thereto, the plaintiff says that the attached statement is as it verily believes a correct account in debit and credit form of all Doublemint packages referred to in the decree herein sold by the Wrigley Company during the accounting period and plaintiff says that, so far as it knows, or can ascertain, none of said packages was ever sold or bought as the product of the Larson Company but all were sold and bought exclusively as the product of plaintiff, Wm. Wrigley Jr. Company.

176 The Master thereupon overruled all said objections.

177 Thereupon HERMAN S. PAINE testified on Direct Examination by Mr. Mayer as a witness for the Wrigley Company:

I have a memorandum of the time devoted to the preparation of the account since October 30, 1918 to one o'clock this morning. We put in 4883 hours since the last report and the witness produced a statement showing the number of women and men and hours they worked on each
180 day from October 30, 1918, to December 2, 1918, both inclusive. We also used accounting machines or comtographs and had as many persons working as could do the work advantageously. The account since August 24, 1918 is now being prepared.

181 *Cross-Examination by Mr. Aldrich.*

I think we ought to have from four days to a week more to complete the report. Mr. Aldrich then said "let's give them a week if the court please" and it was
(2019) stipulated that the time in which the defendant, Larson Company, should file objections or exceptions need not begin to run until the whole account is filed. Thereupon
182 L. P. Larson Jr. was called for cross-examination by

Mayer and testified that he had attended all the hearings before the Master except on one day; that he was told in a general way what took place on that day; that he is president of the L. P. Larson Jr. Company and has been since it was incorporated in 1911; that the Company manufactures gum. Thereupon when Mr. Mayer inquired as to about how many brands it manufactured
183 the defendant's counsel objected and Mr. Mayer replied that he wants to show by the witness that the method that the plaintiff, the Wrigley Company, used in keeping its books is about the same method as the Larson Company
184 used. The Master overruled the objection and the witness then testified that the Company made four brands and kept separate records of the profits and losses with
185 respect to each brand; that he could not say how long they did that; that they have records that show separately the cost of each separate brand and the sales of each separate brand and that they have a general cost system there and that they segregate by different brands which are Peptomint, Spearmint, Wintermint and Licorice gum. Mr. Mayer then asked the witness whether he had preserved all the books and records of the Larson
189 Company and the defendant's objection was sustained. An adjournment was then taken until December 10, 1918, Mr. Aldrich saying that he desired Mr. Wrigley and probably Mr. Buck present then and that he would indicate by a communication what papers he desired them to bring.

190 December 10, 1918

WM. WRIGLEY JR. called by the Larson Company, examined on direct examination by Mr. Aldrich, testified:

I am president of the Wm. Wrigley Jr. Company and
(2020) have been since its incorporation in 1911. The business was a partnership prior to 1904 and it was an Illinois corporation from 1904 to 1911. I was asked to bring reports of the Treasurer of the Wrigley Company for 1914 to 1918 inclusive and I have done so and hand them
191 to Mr. Aldrich. They are copies, the originals are in the minute book. I have not personally compared them but I would safely say that they are correct copies. Mr.

Mayer says that he thinks Mr. J. C. Cox had charge of the comparison. Mr. Aldrich then said he will assume subject to verification that the reports are correct and that he has no reason to doubt it. Mr. Mayer said that there will be no objection as to any reasonable method being adopted for verification. Mr. Aldrich then offered and there was received in evidence as Larson Exhibit 10 the financial statement of Wm. Wrigley Jr. Company dated January 1, 1915, showing the following:

ASSETS

Larson Exhibit 10.

192	"Cash in Banks		449,999.97	
	Cash on Hand		2,000.00	
	Accounts Receivable		789,939.02	
	Bonds		31,500.00	
	Claims		685.13	
	Notes Receivable		1,864.64	
	Merchandise & Supplies on hand		2,648,677.42	
	Advances		62,009.74	$ 3,986,675.92
	Real Estate & Buildings		1,149,083.51	
	Machinery & Equipment		440,301.84	
	Power Plant		80,851.01	
	Office Fixtures		35,272.01	
	Motor Trucks		14,071.36	1,719,579.73
	Good Will & Trade Marks			7,500,000.00
				$13,206,255.65

(2021) LIABILITIES

192	Accounts Payable		32,466.75	
	Capital Stock		9,000,000.00	
	Common 7,500,000.00			
	Preferred 1,500,000.00			
	Surplus Jan. 1st 1914	3,877,645.73		
	Profits for year 1914 1,399,404.75			
	Less Dividends paid 1,215,000.00			
	Surplus for year ending 12/31/14	184,404.75		
	Surplus Jan. 1st, 1915		4,062,050.48	
	Depreciation Reserve		111,738.42	
				$13,206,255.65
	Sales for Year 1914		$8,008,536.07	
	Profits for Year 1914		1,399,404.75	

193 Mr. Aldrich then offered and there was received in evidence as Larson Exhibit 11 Wrigley Company's statement dated December 18, 1915, which showed the following:

Larson Exhibit 12.

194

ASSETS

Cash			
Cash in Banks		$820,429.94	
Cash on hand		2,000.00	
Accounts Receivable		828,917.34	
Notes Receivable		88,363.06	
Claims		18,219.72	
Merchandise & Supplies on Hand		3,057,298.87	
Australian Factory Material & Supplies		52,232.06	
Advances		77,135.21	4,944,596.20
Real Estate & Buildings		1,353,324.05	
Machinery & Equipment		502,793.11	
Power Plant—Chicago Factory		80,928.70	
Office Fixtures		41,943.65	
Motor Trucks		17,697.56	1,996,687.07
Good Will and Trade Marks			7,500,000.00
			$14,441,283.27

LIABILITIES

Accounts Payable			$ 176,882.10	
Capital Stock			9,000,000.00	
Common.....	$7,500,000.00			
Preferred....	1,500,000.00			
Surplus Dec. 21, 1914		4,062,950.48		
Profits for year 1915	2,048,823.12			
Less Dividends Paid	1,065,000.00			
Surplus for year ending Dec. 18, 1915		983,823.12		
Surplus Dec. 20, 1915			5,046,773.60	
Depreciation for Reserve			217,627.57	
				$14,441,283.27

Sales for year 1915	9,717,145.33
Profits for year 1915	2,048,823.12

(2022) Mr. Aldrich then offered and there was received in 195 evidence as Larson Exhibit 12 a statement of the Wrigley Company dated December 18, 1916, which showed the following:

196 ASSETS. Larson Exhibit 12.

Cash in Banks		$ 7 750,447.02	
Cash on Hand		2,000.00	
Accounts Receivable		1,089,535.18	
Notes Receivable		87,566.40	
Investment Bonds		266,504.85	
Stock in Subsidiary Companies		1,213,890.00	
Claims		71,727.80	
Merchandise & Supplies on hand		3,042,362.51	
Advances		117,165.37	6,641,199.13
Real Estate & Buildings		$1,110,858.68	
Machinery & Equipment		516,167.76	
Power Plant—Chicago Factory		80,964.48	
Office Fixtures		50,404.19	
Motor Trucks		20,421.49	1,778,816.60
Good Will and Trade Marks			7,500,000.00
			$15,920,015.73

LIABILITIES

Accounts Payable			$ 49,320.54	
Capital Stock			9,000,000.00	
Common	$7,500,000.00			
Preferred	1,500,000.00			
Surplus Dec. 19, 1915		$5,046,773.60		
Plus additional during 1916		32,572.09		
		5,079,345.69		
Profits for year 1916	2,443,030.04			
Dividends paid 1916	1,440,000.00			
Surplus for year ending Dec. 18, 1916		1,003,030.04		
Surplus Dec. 19, 1916			6,082,375.73	
Reserve for Depreciation			313,018.76	
Reserve for U. P. S. Coupon Redemptions			475,300.70	
				$15,920,015.73

Sales for year 1916	$12,482,342.87
Profits for year 1916	2,443,030.04

197 Mr. Aldrich then offered and there was received in evidence as Larson Exhibit 13 a statement of the Wrigley Company of December 18, 1917, as of December 31, 1917, which showed the following:

Larson Exhibit 13.

(2023)

ASSETS

198	Cash in Banks	$1,174,892.45	
	Cash on Hand	2,500.00	
	Accounts Receivable	1,215,566.50	
	Notes Receivable	1,485,149.60	
	Investment Bonds	225,000.00	
	U. S. Liberty Loan Bonds	693,791.00	
	Stock in Subsidiary Companies	1,218,390.00	
	Claims	35,684.25	
	Merchandise & Supplies on Hand	2,796,788.77	
	Advances	276,041.93	$9,123,804.50
	Real Estate & Buildings	$1,084,924.16	
	Machinery & Equipment	719,533.86	
	Power Plant—Chicago Factory	84,854.49	
	Office Fixtures	51,029.34	
	Motor Trucks	27,519.24	1,967,861.09
	Patents, Patent Rights, Good Will & Trade Marks		7,500,000.00
			$18,591,665.59

LIABILITIES

Accounts Payable			$ 49,946.12	
Capital Stock			11,500,000.00	
Common	$10,000,000.00			
Preferred	1,500,000.00			
Surplus Dec. 19, 1916		$6,082,375.73		
Less Stock dividend Jan. 2, 1917		2,500,000.00		
		3,582,375.73		
Plus additions during year 1917		135,159.41		
		3,717,535.14		
Profits for year 1917	2,883,981.06			
Dividends paid in 1917	2,077,500.00			
Surplus for year ending Dec. 18, 1917		806,481.06		
Surplus Dec. 19, 1917			$4,524,016.20	
Reserve for Depreciation			412,254.60	
Reserve for U. P. S. Coupon Redemptions			880,448.67	
Reserve for Taxes			1,225,000.00	
				$18,591,665.59

Net Sales for year 1917 $15,713,657.84
Profits for year 1917 2,883,981.06

199 MR. WRIGLEY then continued:

The statement for 1918 is not yet prepared as the year is not over. I don't think a statement of like import has been prepared ending October 4th. Mr. Aldrich then asked plaintiff's counsel to have such a statement of assets and liabilities prepared as part of the accounting and as part of the cross-examination covering the period of the accounting.

(2024) Mr. Mayer replied:—We have no such thing and
200 our books will not be closed until December 18th, that's the fiscal year. We are not under orders to present a statement of the profits made during 1918 in our total business except in so far as the accounting is concerned wherein we have accounted for Doublemint profits. They can go into that to their hearts' content but we ought not to be asked to make up a detailed statement of assets and liabilities as of a period when no inventory was taken as it imposes upon us a piece of work which is not germane. There will be no objection to our rendering any possible assistance to determine just what our profits have been with respect to Doublemint. The Mas-
202 ter ruled that he had no power to direct plaintiff to do work in making up statements for evidenciary purposes for the defendant and Mr. Aldrich replied that he
203 thought the Master was correct on that. Mr. Wrigley then further testified in answer to Mr. Aldrich's questions:—Our annual statement for 1918 will be ready as soon after the 18th as it is possible. We generally have the annual statement ready the following January. I am not an expert bookkeeper. Mr. Mayer asked that the subpoena duces tecum served by defendant in this case and the notice to produce served on plaintiff on December 6, 1918, ought to be in the record. Whereupon
204 Mr. Aldrich filed with the Master the December 6th notice and said that the subpoena duces tecum is with the marshal. The Master said that the subpoena duces tecum is part of the files. Mr. Mayer said he would like to have the record show what has taken place and would like to know that the subpoena is with the Master; that the subpoena duces tecum asked for a production of "all reports made to the mercantile agency of R. G. Dun & Company for each of the years 1914, 1915,
(2025) 1916, 1917 and 1918" and that the substance of that

205 is in the notice; that it is impossible for plaintiff to produce documents which are manifestly not in its control; that the reports asked for, if in existence, are records in the possession of the agency and that they are not present; that we made a search to ascertain what reports were made to Dun & Company and also send over to them for information with respect thereto and as a result we find that one statement was made to Dun's of which they furnished us a copy which was then produced. The notice was marked "Filed December 10, 1918, C. B. M.,
207 Master." Mr. Mayer said that so far as the production of documents is concerned Mr. Aldrich need not stand upon the necessity of serving subpoenas. By agreement the December 6, 1918 notice to produce documents before Master Morrison on December 10, 1918, which was served on counsel for the Wrigley Company on December 6, 1918, was received in evidence as Larson Exhibit
208 14 and was copied in the record. The notice calls for the production of (1) the reports of the Treasurer of the Wm. Wrigley Jr. Company for the years 1914 to 1918 inclusive, and (2) all reports made to R. G. Dun & Company for those years, and (3) the balance sheet or financial statement of the Wrigley Company for each of those years and (4) the records of the Wrigley Company pertaining to the organization of the Wm. Wrigley Jr. Company Limited of Toronto, Canada, and all records of the Wm. Wrigley Jr. Company pertaining to the organization of the Company manufacturing the Wrigley products in Australia and (5) "copies of all income and
209 excess profit tax reports during the years 1914 to 1918 inclusive." Mr. Wrigley, on further examination by Mr. Aldrich, testified:—To the best of my understanding the copy of the Dun Agency report is absolutely true; J. H. Patrick was Secretary of the Company when
(2026) the report was made. I know of no official action taken by the Company with reference to that report. Mr. Aldrich offered and there was received in evidence as Larson Exhibit 15 the copy of the report made to Dun's Agency. It shows the following:

"Wm. Wrigley Jr. Co.

Chicago, Ill.

J. H. Patrick made the following signed statement for the company on April 16, 1914, from inventory of January 1st, 1914.

Larson Exhibit 15.

Assets

Cash	$ 542,248.87
Accounts receivable	745,421.38
Merchandise	2,620,729.91
Advances	117,974.48
Real estate and machinery	1,412,211.94
Good will and trade marks	7,500,000.00
	$12,938,586.58

Liabilities

Capital stock	$ 9,000,000.00
Accounts payable	68,643.85
Surplus	3,869,942.73
	$12,938,586.58"

So far as I know that is the only report that has ever been made to any agency since the concern has been in business. We have the highest rating and it is not nec-
211 essary to make reports. I have not produced the records of the Wrigley Company pertaining to the organization of the Toronto Company but a search is being made and they can be produced within a week as will also be the papers showing the organization of the Australian Company. We have all records with reference to these matters and are searching for them. Official action was taken by the Board of Directors of the Wm. Wrigley Jr. Company with reference thereto. The business at Toronto, Canada, was originally owned by the
212 Wrigley Company, the West Virginia corporation and continued to be so until sometime after January 1, 1916. The Wm. Wrigley Jr. Company Limited was organized in Canada under Canadian laws and by Canadian lawyers. At the time the Canadian Company was organized
(2027) the preferred stock was handed to the West Virginia Company in payment for the tangible property owned by it in Toronto. The common stock was given in ex-

change for the good will. It was not given to the West Virginia Wrigley Company but was divided among the common stockholders of that Company on the basis of one share of the Canadian stock to five shares of the West Virginia Wrigley Company's stock, that is, the preferred stock went to the West Virginia Company and the common stock went to the stockholders of that Company. We will be prepared to show the full details later
213 together with copies of the minutes on that subject. Mr. Mayer then said that when that time comes he wished to be heard upon the propriety of the evidence being received. Mr. Aldrich then asked Mr. Wrigley to state the facts with reference to the organization of the Australia Company and Mr. Wrigley testified further on his direct examination:—

The preliminary work as to the Australian Company was done the latter part of 1915 and it got into operation sometime the fore part of 1916. I don't think we had been doing any manufacturing in Australia before the Australian Company was organized. I think the Australian Company was organized about November 1915, but those things are a matter of record. There are no records which we have that the Master wants
214 which he can't have, and we will produce these things at the next meeting. When asked by Mr. Aldrich if there was a working contract between the Toronto Company and the Wm. Wrigley Jr. Company, Mr. Wrigley replied that the goods in Australia are sold entirely to one customer and that he, the witness, knows of no work-
(2028) ing contract at all with the Canadian Company. Raw materials such as can't be bought in Australia are
215 shipped from here. The majority of the stock of the Australian Company is owned by the West Virginia Company. From general knowledge and without going into details I should say that chicle and some wrappers and possibly flavors are the materials which we ship to the Australian Company. I think the wrappers are printed in Australia but I can't say positively about that
216 as I don't know. The production of the Australian factory is reported here, the Canadian factory reports to me as its president. A record of the production of the Australian factory in bulk but not detail may be kept. Mr. Buck is a director of the Canadian Company and visits the factory in Canada probably two or three times

a year. The other directors of the Canadian Company are N. L. Buck, J. R. Offield, Wm. Wrigley, Jr., J. Allen Ross and H. A. Knight, the two latter are Canadians.
217 Formerly we had a chicle cleaning works in London, Ont. It has been disbanded since. There are no works there at all. The officers of the Australian Company are Johnston, Healy, Stanley, Cox and myself. Stanley, Cox and I reside in Chicago, the others in Australia. Stanley is secretary of the Wm. Wrigley Jr. Company, the West Virginia corporation. He succeeded Mr. Patrick. One of the Canadians who owns stock is the second largest
218 stockholder to me in the Canadian Company I think, and he is practically the works of the Canadian Company. He owns somewhere between 1400 and 1500 shares of the par value of $100 out of a capitalization of $500,000 preferred and $1,500,000 common. The capitalization of the Australian Company is 10,000 pounds. The two Australians whom I named own only a small amount, qualifying shares. The copies of the income and excess profit tax reports during the years 1914 to 1918 inclusive which you ask me to bring are being copied on Government blanks. It is quite a large job and all the head men have been working to get this thing out night and day and there is some limit as to what can be done in a few minutes. We only had the notice Saturday.
(2029) All those things you want will be produced. I should
219 say we used our present factory at 35th Street since the latter part of 1913. I have had an organiza-
220 tion engaged in the gum business since before 1904. We have several salesmen. We never employed any salesmen entirely for the marketing of our goods. We always have had some salesmen. There has been very little increase in the traveling salesmen since the beginning of 1914, although from 1915 until we declared war we had quite a good sized force of advertising men. They were not supposed to sell goods but to advertise, put up signs and check them up and do what we call missionary work. We spent large amounts for advertising prior to 1914. We had advertising men employed before 1914 but not
221 detail men on the road to such a large extent. I know our advertising force was increased very considerably after 1914 but just how much I don't know. We did not take them off about the time war was declared but we took them off when the Government wanted them for

soldiers and we kept them going and paid all their salaries. I should take it for granted that the increase in the business made an increase necessary in the manufacturing force employed on January 1, 1914. Mr. Buck would know better than I. We have made no increase
(2030) of capital except from our earnings. Mr. Aldrich
221 then asked Mr. Wrigley what dividends had been declared in the years 1914 to 1918 inclusive and Mr. Wrigley testified:—The preferred stock has always paid 6%. The common stock at the present time and I think for the past two years has paid 1¼% per month with an extra dividend of 5% during both of the latter years,
222 making a total of 20% per annum. The West Virginia Corporation has One and a Half Millions preferred stock and previous to 1916 the common stock was Seven and a half Millions. At present it is Ten Million. The total capitalization now is Eleven and a Half Millions. The amount of the common stock was increased, I should say in 1915 or 1916 out of the profits earned prior to 1914. There has been no increase of capital since 1914 but quite an increase of surplus. Mr. Aldrich then said that he did not close the cross examination of Mr. Wrigley but will adjourn it and ask the master to appoint experts to examine the books of the West Virginia Wrig-
223 ley Company, and to extend that examination upon the evidence before the Master to the production of both the Toronto and Australian factories and instruct the accountants to keep the production of each of these factories separate.

Mr. Aldrich further said: We have the right we insist to this information and your Honor will reserve the question, not decide it on the question of admissibility of the evidence, but we will reserve the question as to whether or not under the facts it will be developed we are entitled to an accounting for the profits on the pro-
(2031) duction of these two factories, but we want to know
223 what that production is and will therefore ask the Master that the power vested in him he name the accountants who shall work upon the Wrigley Company's books.

Mr. Mayer replied: There is no objection on our part to your exercising, if you see fit, the power given by the order of reference to appoint expert impartial accountants to examine the records of the West Virginia Cor-

poration. What position we shall take with respect to directing them to examine the records of the Canadian and Australian Companies, we are not now called upon to consider, because the Master will want to know more
224 definitely than the information as yet discloses the relationship between the West Virginia Company and these two foreign companies and when we have that information, we can see whether or not this case presents one which will permit the Master to examine those records. Before the Master passes upon the question whether he will appoint auditors to examine the records of these foreign companies, we wish to offer evidence so that the Master will have more facts than have as yet been disclosed. In fact, Mr. Aldrich has asked for the production of further information and it appears from what Mr. Wrigley has said that it can be produced. I therefore ask the Master to either postpone your decision on that matter or if not, I will introduce some fur-
225 ther proof upon that subject now. The West Virginia corporation is the only party to the litigation and the only party directed to account and by the words of the decree, the Master can appoint auditors only as to that company. I want to present this thought, without, however, having it understood therefrom that I am ob-
(2032) jecting to the appointment of the auditors, as we
225 consent to the appointment. There is no evidence as yet to throw the slightest suspicion upon the integrity of the filed account and therefore no reason appears why the Master should now exercise that discretion. It is not as though the other side had proven that the filed account is unreliable or inaccurate.

228 Mr. Aldrich then said that until further advised we don't care to go into the cost of production of these goods as reported in this account. I am making no absolute waiver on that subject but at present it is not our intention to investigate the cost of production of a box of gum, which is the unit here. We want to know the elements that enter into the cost. There may be a dupli-
231 cation of overhead charges. Mr. Aldrich says he wishes it understood that the work of the auditors will not be a mere checking up of the Wrigley Report but that we will want their work to go deeper than that. The Master then announced that he thought he would have Mr. Hall of Marwick, Mitchell, Peat & Company do this work.

232 Mr. Aldrich says he intends to submit through the Mas-
ter directions to Mr. Hall as to how he wants the inves-
233 tigation to go and serve plaintiff with a copy of the
things he asks for now. The Master says he has told
Mr. Hall that he would be paid along from time to time
and has impressed upon him that this must be an im-
(2033) partial report, as he is in the position of a court
officer and represents the court and is under no obliga-
tions to either side and Mr. Aldrich says that he is not
to confer with either side or any of the employees of
either side, and the Master said he would so instruct
the auditors and Mr. Mayer said of course they will
have to confer with employees of the Wrigley Company
234 so far as necessary for them to ask for books and papers
and documents and Mr. Aldrich said, "Certainly,"
whereupon the Master said "It is quite common for these
accountants to ask a good many questions of the book-
keepers and persons in charge of the accounts and get
such information as they can," whereupon Mr. Aldrich
said "It is proper for them to," and the master said it
was, but that he would say to the auditors that they are
not to take their statement on any material question
without verifying it.

235 Mr. Reed says that in addition to and as partially at
least overlapping the request made by Mr. Aldrich, he
requests the following documents: the charters or copies
of the Canadian and Australian Companies; lists of
stockholders of each of those companies and the amount
of stock and a brief indication of how they were paid
for and whether any stockholder holds the stock in his
own right or for some one else; all contracts and writ-
ten arrangements either by letter or formally between
236 each of these Canadian and Australian Companies and
the West Virginia Company; a list of the dividends paid
to the West Virginia corporation by each of these com-
panies since their organization; specimens of the new
dresses for the Doublemint gum; the amount of surplus
of the West Virginia company at the tiem of the issue
(2034) of the additional Million and a half stock; the copy
236 of the financial statement of the West Virginia company
which will be prepared for the year 1918 and of course
all other documents of the West Virginia company re-
quested by Mr. Aldrich in the course of his examination.
Mr. Mayer objects to the materiality, competency and

relevancy of any of the documents or information referred to by Mr. Reed, saying that he does not mean to intimate that the documents will not be produced, but
237 that he does not wish to waive the objections by his silence. The Master overruled the objection, saying that when the documents themselves are presented, he will pass on the question of admissibility. Thereupon, Mr. Aldrich requested the Master to instruct the accountants selected by him to ascertain and report 1st the total production of all gums by the West Virginia Company and the Tornto and Australian factories, and the number of boxes of Doublemint gum included therein, and that the tabulations of these several factories be separated; 2nd the difference, if any, in the manufacturing cost as
238 between Doublemint and the other leading brands of gum manufactured by the Wrigley Company; 3rd the items of overhead charge in the several years of the accounting period and whether in the account filed by the Wrigley Company any items of "cost" are repeated in the charge for "overhead"; 4th that in examining the advertising account, the accountants ascertain the dates and amounts and to whom paid, of all moneys purporting to have been expended for advertising, and make a separate tabulation of the advertisements mentioning Doublemint, whether alone or in conjunction with other brands of gum; 5th the acountants are requested to as-
(2035) certain what, if any, additions were made to the capital, factory capacity, number of employees or office force by reason of the manufacture of Doublemint gum; 6th, also ascertain whether the proportion of U. P. S. coupons redeemed is truly reported in the Wrigley Company filed account; 7th, also the income and excess profit taxes paid and the proper proportion of the same, chargeable to the Doublemint brand; 8th, Do the 790,488 boxes of gum given away appear in the "advertising" or other charges against the receipts account of Doublemint?

239 Thereupon the master appointed James Hall, a disinterested person, as such accountant and said he would administer the oath to Mr. Hall and to his assistants. An adjournment was then taken subject to notice.

On December 10, 1918 Wm. Wrigley Jr. Company filed a statement of transactions relating to its Doublemint gum from August 25, 1918 to October 4, 1918 inclusive,

and from October 5, 1918 to November 12, 1918, inclusive.

Dec. 19, 1918.

240 EDWARD GLEDHILL, who had been directed by Mr. Hall to proceed with the work laid out by Mr. Hall pursuant to his employment as accountant herein, appeared before the master and took the oath as prescribed in the decree, preparatory to proceeding with such work.

Dec. 24, 1918

245 WM. WRIGLEY, JR., further examined by Mr. Aldrich on direct examination, testified:

I have here the papers showing the organization of the Toronto Company.

Mr. Mayer then handed Mr. Aldrich the following documents: Minutes of the regular meeting of the stock-
(2036) holders of the Wm. Wrigley Jr. Company, the West Virginia corporation, held January 5, 1916; also minutes of the regular meeting of the board of directors of the West Virginia corporation held January 5, 1916; also proposition dated January 4, 1916 from Wm. Wrig-
246 ley Jr. Company, Limited, the name of the Canada corporation; also reply to that proposition dated January 6, 1916 from the West Virginia company to the Canadian Company; also an agreement dated February 16, 1916 between the West Virginia and Canadian corporations, including schedules A and B, attached thereto; also copy of the charter of the Canadian company, dated January 3, 1916. Mr. Mayer says that although he is producing these documents, he wants to save and repeat the objection that they are not germane or material to any of the issues in this case and therefore not competent. Thereupon Mr. Aldrich offered the documents in evidence and Mr. Mayer objected to the documents being received in evidence and to each and every of them, on the ground that not one of them is competent, relevant or material to any issue in the case, but the master overruled the objection. Said documents were received in
247 evidence as Larson Exhibit 16. Said minutes of the regular meeting of the stockholders of the Wm. Wrigley

Jr. Company held January 5, 1916 show that it was unanimously resolved that the company accept the wirtten offer of the Wm. Wrigley Jr. Company, Limited, to purchase certain property and assets of the West Virginia company then situated within the Dominion of Canada, provided that the tangible assets do not aggregate over $500,000.00.

248 Said minutes of the board of directors of the Wm. Wrigley Jr. Company held January 5, 1916 show that a
(2037) resolution was adopted that the offer of the Wm.
248 Wrigley Jr. Company, Limited, contained in their letter of January 4, 1916 be accepted. It was also resolved
249 that if the modified offer to the Wm. Wrigley Jr. Company, Limited, be accepted, that the officers of the Wm. Wrigley Jr. Company be empowered to distribute $1,500,000.00 common stock of the Canadian Company pro rata to the common stockholders of the West Virginia company of record January 5, 1916, on or before March 1, 1916, the stockholders thereby receiving a twenty per cent stock dividend of the common stock of the Wm. Wrigley Jr. Company, Limited, of their present holdings in the West Virginia corporation.

249 The offer of the Wm. Wrigley Jr. Company Limited by Wm. A. Case, President and James B. Taylor, Secretary, to the Wm. Wrigley Jr. Company, dated Toronto, January 4, 1916 is to purchase as of January 5, 1916 all the property of the West Virginia company within the Dominion of Canada, together with all the business, trade
250 name and good will connected therewith, including real estate, factories, plant, materials, fixtures, machinery, furniture, books, records, brands, trade-marks, labels, whether registered or unregistered, patents, patent rights, trade secrets, processes and formulae, franchises, bills, notes, cash, accounts receivable, supplies and merchandise, contracts and contract rights within the Dominion of Canada and all other assets of the West Virginia Company within said Dominion, together with the right, for the Dominion of Canada, to all inventions, patents, marks, brands and labels that may thereafter be invented, adopted or otherwise evolved by the West Virginia company and all improvements thereon. The Canadian Company agrees to pay the West Virginia company for said property $2,000,000.00, as follows: $500.00 in cash, $499,500.00 by the issue of a like amount, at par,

(2038) of preference stock of the Canadian company, fully paid, and $1,500,000.00 at par of the common stock of
251 the Canadian Company, fully paid. Letters from the West Virginia company by E. W. Eckerly, Vice-President and W. H. Stanley, Secretary, to the Canadian corporation, dated January 6, 1916, referring to the latter's said letter of January 4, 1916 says that the West Virginia company agrees to sell all its property of whatever kind and description situate within the Dominion of Canada, together with all the business, trade-name and good will connected therewith or conducted by the West Virginia company within said Dominion, limiting the above property, however, to the tangible property and assets of the West Virginia company not exceeding $500,000.00 in value, but including all the West Virginia Company's
252 trade-marks, good will and business relating thereto, and the real estate, factories, plant, manufactured and raw stock and products and all fixtures, machinery, furniture, books and records, brands, trade marks and labels, whether registered or unregistered, patents, patent rights, trade secrets, processes, formulae, merchandise, bills, notes, cash, accounts receivable, manufactured goods, supplies and merchandise, contracts and contract rights within said Dominion, and all other assets of the West Virginia company within said Dominion, together with the right for said Dominion to all inventions, patents, marks, brands and labels that may thereafter be invented, adopted or otherwise evolved by the West Virginia Company, and all improvements thereon, the consideration for the sale of such property to be as stated in said offer of January 4, 1916. Said January 6 letter further says that the reason for modifying the Canadian
(2039) Company's offer is that the West Virginia company has certain raw stock in Canada which is in itself of great value and obviously could not be sold under the terms of purchase stated in said January 6th letter and that the intention was for the West Virginia company to sell enough of its tangible property in Canada to equal in value the preferred stock of the Canadian company, the latter's common stock being in consideration of the West Virginia Company's trade names, marks, trade rights, good will and business connected therewith, together with the West Virginia Company's patents, processes, formulae and trade secrets.

253 Agreement dated February 17, 1916 between Wm. Wrigley Jr. Company, the West Virginia corporation, therein called "The American Company" and Wm. Wrigley Jr. Company, Limited, a Canadian corporation, there-
254 in called "The Canadian Company" recites that whereas the American Company theretofore agreed to sell and the Canadian Company agreed to purchase certain assets of the American Company in Canada with the good will of the American Company in Canada, and the Canadian patents and trade marks of such company, it is therefore agreed:

1. The American Company agrees to sell and the Canadian Company agrees to purchase all the property and assets of the American Company situate within the Dominion of Canada, together with all the business, trade name, and good will connected therewith or conducted by the American Company within the said Dominion and while not limiting the above, including all real estate, factories, plant, manufactured and raw stock and products, and all fixtures, machinery, furniture, books and records, brands, trade marks, and labels, whether regis-
(2040) tered or unregistered, patents, patent rights, trade secrets, processes, formulae, merchandise, bills, notes, cash, accounts, receivable, manufactured goods, supplies, and merchandise, contracts, and contract rights within the Dominion of Canada, and all other assets whatsoever of this Company within the said Dominion as of the 18th
255 day of December, 1915, and all business since such date, together with the right for the Dominion of Canada to all inventions, patents, marks, brands and labels that may hereafter be invented, adopted, or evolved by the American Company, and all improvements thereon, and including the assets set out in Schedules 'A' and 'B' hereto.

2. The Canadian Company agrees to pay therefor the sum of Two Million, Ninety-four Thousand, Nine Hundred and Forty-seven Dollars and Eighty-four cents ($2,094,947.84) as follows: Five Hundred Dollars ($500.00) in cash, Ninety-four Thousand Seven Hundred and Forty-Seven Dollars and Eighty-Four Cents ($94,947.84) by a promissory note payable on demand to the American Company, with interest at a rate to be agreed on but not exceeding five per cent (5%) per annum; Four Hundred and Ninety-nine Thousand Five Hundred Dol-

lars ($499,500.00) by the issue of a like amount at par of the preference stock of the Canadian Company fully paid; and One Million and Five Hundred Thousand Dollars ($1,500,000.00) at par by the issue of a like amount of the common stock of the Canadian Company, fully paid, which stock shall be issued to the American Company or its nominees.

In paragraph 3 the Canadian Company also agrees to pay certain accounts payable shown on Schedule 'A' at-
256 tached which amount to $4,976.52 and in paragraph 4 the American Company further agreed to pay and dis-
(2041) charge all other debts and liabilities, charges, assess-
256 ments and taxes heretofore or hereafter levied or due or to become due in respect of all operations and the carrying on of the business prior to the 18th day of December, 1915, and while not limiting the above, all War taxes and taxes upon income referrable to the period prior to December 18th, 1915, save and except debts referred to in clause 3 hereof.

Paragraph 5 provides that the stock of raw chicle owned by the American Company in Canada on December 18th, 1915 or since acquired by it shall remain the property of the American Company.

6. The American Company covenants and agrees not to do business in the Dominion of Canada, and the Canadian Company covenants and agrees not to do business without the said Dominion of Canada.

257 Schedule 'A' to said agreement shows the items of tangible assets aggregating $594,947.84.

258 Schedule 'B' attached to said agreement contains a list of "intangible assets" sold by the West Virginia
259 Company to the Canadian Company. The charter of the Canadian company authorizes it, among other pow-
261 ers, to erry on the business of manufacturing and dealing in chewing gum, having its chief place of business
266 in Toronto. Capital stock to be Two Million Dollars, divided into twenty thousand shares of $100.00 each, of which 5,000 shares shall be preference stock and the remaining 15,000 shares, common stock, the preferred stock to be entitled to a fixed cumulative dividend at the rate of six per cent per annum. The holders of the preferred
267 stock shall not be entitled to vote at any meeting, provided that upon failure of the company to pay dividends on the preferred stock, the holders thereof shall be en-

titled to vote on the same as if it was common stock until all accumulated and unpaid dividends shall have been paid and upon such payment, all right to vote upon
(2042) the preferred stock shall cease until a further failure to pay dividends thereon.

268 The first or provisional directors of the said company are William Alfred James Case, James Broadbent Taylor, George Charles Loveys, William Morley Smith and William John Beattie.

269 Mr. Wrigley then, in answer to Mr. Aldrich's question, stated that he had the papers relating to the organization of the Australian Company, and Mr. Mayer then said that without waiving, but expressly renewing and insisting on the objections already made to producing or to introducing or to receiving any of the documents referred to by counsel, he then handed Mr. Aldrich the following: copy of minutes of a regular meeting of the stockholders of the West Virginia Company held Janu-
270 ary 5, 1916, and of the minutes of a regular meeting of its board of directors held January 5, 1916 and copy of a document entitled "Transfer of Shares", dated December, 1915; also copies of two powers of attorney from Wm. Wrigley Jr. Company, dated December, 1915; also copy of an agreement between the West Virginia Company and the Wm. Wrigley Jr. Company Proprietary Limited, being the Australian Company, dated December, 1915; also copy of an assignment from the West Virginia Company to the Australian Company, dated December, 1915. Mr. Mayer also said that upon making a search for the charter, it was found necessary, in order to get a certified copy, to send over to Australia, and that a letter was written for that purpose on December 10th, and that the copy of the charter would undoubt-
271 edly come in due course if counsel needed it. Thereupon Mr. Aldrich stated that he presumed it would not be needed and he then offered as one exhibit the papers which Mr. Mayer had just described. Mr. Mayer then made the same objections to the offer and receipt in evi-
(2043) dence of the documents pertaining to the Australian Corporation and to each and every of them that he made to the offer and reception of the documents pertaining to the Canadian corporation, but the master overruled the objection and received said documents in evidence as
283 Larson Exhibit 17. Mr. Mayer and Mr. Aldrich stipu-

lated that it shall not be necessary for either party to note or save any exception to any adverse ruling but that such exceptions shall be automatically preserved.

MR. WRIGLEY then further testified, on examination by Mr. Aldrich:

I have prepared and produce a statement showing the directors and stockholders of the West Virginia company. Mr. Mayer then handed Mr. Aldrich a copy of a statement, saying that it contains the list of stockholders of the West Virginia company, the Canadian company, and the Australian company, with a list of the officers and directors of each. Mr. Aldrich then offered the statement in evidence, to which Mr. Mayer objected, but the master overruled the objection. Said list was received as Larson Exhibit 18 and shows the following:

Larson Exhibit 18. (2044) (LARSON EXHIBIT NO. 18.)

STOCKHOLDERS

	W. W. Jr. Co. W. Va. Com.	W. W. Jr. Co., Ltd. Toronto, Can. Pref.	W. W. Jr. Co., Ltd. Toronto, Can. Com.	W. W. Jr. Co. P. Ltd. Sydney, Aust. Pref.
Wm. Wrigley, Jr.	46,456		8020	1
H. H. Hitchcock	1,200	630	660	
J. H. Patrick	2,933	410	340	
F. W. Wentworth	307	55		
O. J. Buck	6,079	1515	459	
Hazle B. Ewing	667	150	100	
Nelson L. Buck	946	165	134	
A. G. Cox	4,694	1725	500	
James C. Cox	780	150	120	1
State Bk. of Chgo. T. H. M. Hooker, deceased	7,667	1725	1150	
John N. Dole	4,000	900	600	
State Bk. of Chgo. T. Geo. M. Vial, deceased	1,666	375	250	
Andrew R. Dole	1,667	375	250	
Arthur Dole	1,666	375	250	
N. W. Hitchcock	1,130	50	20	
F. B. Hitchcock	1,170		25	
James R. Offield	134		20	
B. L. Atwater	402		60	
Geo. J. Neumann	74		11	
George Dawson	133		20	
James A. Gill	200		30	
Charles G. Hylander	26		4	
D. Dunn	27		4	

Wm. Scatchard	66			
Emil Langschmidt	26		4	
E. W. Eckerly	400		60	
E. Kalley	13		2	
Frank T. Hill	67		10	
B. D'Emo	200		30	
Jno. W. Reidy	27		4	
Jacob Fotre	33		5	
I. Heyman	14		2	
A. E. Offield	66		10	
Ellaretta M. Harkness	119		8	
Wm. H. Harkness, Jr.	12			
J. Ed. Plummer	124		58	
Mary Karn	10		2	
W. H. Stanley	202		20	1
S. C. Stewart	67		10	
E. A. Ross	34		5	
Wm. A. Mackenzie	14		2	
James McCutcheon	12		1	
Ellsworth B. Buck	524			
A. D. Shoup	140		1	
Louis A. Dreyfus	300			
J. E. Plummer, Atty.	34		5	
A. M. Price	133		20	
Philip K. Wrigley	6534	5	30	

(2045)	Com.	Pref.	Com.	Pref.
Willet B. Ranney	34			
Charles W. Johnson	17			
V. R. Rubens	66			
Carrie B. Ranney	30			
Dorothy W. Offield	1400	250		
Katherine Liebe	12			
John J. Mitchell	140			
C. D. Brenton	50			
R. R. Holcomb	8			
Blanche C. Atwater	700			
Olive P. Sleeper	700			
Angie W. Cox	700			
C. P. Whitney, Jr.	50			
Mae Jorgensen	2			
C. E. Mayberry	5			
Wm. H. Wiley	75			
N. G. Behles	20			
Edwin G. Peterson	3			
Winfield S. Day	10			
Joseph Simons	10			
Byron Wrigley	250			
Edward Wrigley	250			
Anna J. Price	250			
C. A. Albright	400	100		
Charles T. Jeffery	100			
Jean Hitchcock Butz	1100			
S. R. Bushnell	2			
Daisy H. Cox	20			
Helen A. Wrigley	100			
Edward A. Wood	20			
Katie E. Nelson	71	15		
Nelson L. Buck, Guardian	142	30		
Jessie I. Wrigley	25			

Nell J. Baker	43			
Ada E. Wrigley		6000		
Paul Nelson			32	
J. Allan Ross			1486	
Geo. E. Glennie			50	
H. Allan Knight			36	
F. N. Scofield			20	
R. A. Burns			25	
P. D. Orr			10	
D. C. Rea			25	
Wm. Wrigley Jr. Co.				5000 . 9995
W. H. Johnston				1
T. V. Healy				1

(2046) OFFICERS AND DIRECTORS

	W. W. Jr. Co. W. Va.	W. W. Jr. Co. Ltd. Toronto, Can.	W. W. Jr. Co. P. Ltd. Sydney, Aust.
Wm. Wrigley, Jr.	President & Director	President & Director	Director
John N. Dole	Director		
O. J. Buck	Director		
H. H. Hitchcock	Director		
Jas. R. Offield	Director	Director	
B. L. Atwater	Vice-Prest. & Director		
James C. Cox	Treasurer & Director		Director
Edw. W. Eckerly	Vice Prest. & Director		
A. G. Cox	Director		
W. H. Stanley	Secretary		Director
Jas. A. Gill	Asst. Treas.		
Geo. J. Neumann	Asst. Sec'y.		
Nelson L. Buck		Director	
J. Allan Ross		Vice-Prest. Treas. & Dir.	
H. A. Knight		Sec'y & Director	
W. H. Johnston			Mng. Dir. & Dir.
T. V. Healy			Director

(2047) MR. WRIGLEY, on further examination by Mr. Aldrich, then testified:

285 Said statement of stockholders and directors is of the very latest date, right up to date within four days. I think the officers are absolutely the same as when the Australian and Canadian companies were organized and that the stockholders are very nearly the same. The documents offered in evidence state the first officers.

286 The West Virginia company has no executive committee and has not had any at any period covered by this litigation. All orders and directions so far as given by the board of directors of the West Virginia company at its

meetings will appear on its minutes. Any important orders given by the executive officers at other times than at the meetings would be referred to the directors at a subsequent meeting but not the daily details. Mr. Aldrich then asked Mr. Wrigley whether he had produced copies of the income and excess profits tax reports, to which Mr. Wrigley replied that he had produced photographic copies and also his only office copies. Upon Mr. Aldrich's then asking that they be produced, Mr. Mayer handed Mr. Aldrich the copies asked for and stated that
287 that in handing them to counsel, he wished to note an objection to the competency, relevancy or materiality of those returns and each and every thereof, and at the same time Mr. Mayer handed Mr. Aldrich photographic copies of the returns so that if the Master held that the returns were competent, the photographic copies could be substituted for the only office copies which the Wrigley Company had. The returns so produced were those for the year ending December 31, 1914, December 31, 1915, December 31, 1916; also amended return for year ending December 31, 1916; also copy of corporation excess profits tax return for the year ending December 31, 1917; also corporation income tax return for year ending December 31, 1917. Thereupon, Mr. Aldrich offered in evidence
(2048) the several income and excess profits tax photographic records. Mr. Mayer objected to the offer and to the receipt of those returns and each and every thereof, but
288 the master overruled the objection and received the copies in evidence as Larson Exhibit 19. Said documents show the gross income received during each of the years specified from various sources and the amounts thereof, and also the various deductible items and amounts thereof stated separately, including expenses, losses, depreciation and taxes, and also the amounts of the common stock and of the preferred stock outstanding from time to time; also the annual sales and losses and the amounts, stated separately, of rentals, interest and dividends received, and also the amounts disbursed for labor, wages, commissions, salaries of officers, and other expenditures, and also the amounts payable to the United States by the Wm. Wrigley Jr. Company for its income taxes for each of the years specified and also its excess profits taxes; also net income for the years 1911, 1912 and 1913.

(2049) MR. WRIGLEY, answering Mr. Aldrich's further questions, testified:

289 There is no other contract or arrangement between the Toronto and the West Virginia companies or between the Australian and West Virginia companies referring to the business of manufacturing and distributing gum than is disclosed by the records which I produced here this morning. I cannot say without referring to the records, but I am quite positive that the wrappers used by the Toronto Company were all printed in Canada.
290 The Australian Company's wrappers are printed in Australia but I think the paper on which they are printed is shipped from here. We have not made our tax return for the year 1918. We have not yet made our financial statement for our fiscal year ending December 18, 1918, and it will be several weeks before it is done, nor can it be prepared without taking an inventory which is in process. I had very little to do with the details of the
291 account which we filed here. I had nothing to do with ordering the distribution of the charges. That was done by the heads of the departments. I do not know accurately what the factory rent is. I should say it is fixed on a square foot rental basis. I can't say exactly how it was based but there is a fair basis that would be practically the same whether we owned the building or whether somebody else owned it. It is equivalent to a
292 rent charge. Mr. Mayer then volunteers to inform Mr. Aldrich as to the parties who would know most about the different items that entered into the factory overhead,
293 and said that Mr. Buck would know most about the manufacturing cost in the filed accounts and Mr. Paine about the item described as overhead, and Mr. Stanley regarding the advertising, printing U. P. S. coupons, proportion
(2050) of amount paid for U. P. S. coupons, also the item of contingent liability for unredeemed Doublemint U. P. S. coupons, and Mr. Eckerly regarding the item of trade discounts, and Mr. J. C. Cox regarding the charge for interest on capital invested, and the item of income and excess profits tax. Mr. Mayer further stated that those gentlemen will be subject to call at any time on reasonable notice.

294 Thereupon MR. WRIGLEY further testified, in answer to Mr. Aldrich's questions:

I would say Mr. Mayer's statement is correct. I have no figures here that would indicate what gross amount for each of the periods covered by the accounting was charged for rent of the factory. I can't say that I understood from having examined the transcript that the rent is included in the factory cost as it has been given in the filed account. I know the element of rent should be included. That is my opinion, but not as an expert accountant. I do not know whether the rent to be distributed as an element of cost of gum is based on the
295 valuation of the property, or upon the rental value.

296 HERMAN S. PAINE then testified on direct examination by Mr. Aldrich as follows:

In making up the statement of account we derived the cost of the gum per pound from a statement made up by Mr. Stanley who got the information from Mr. Buck. That just shows the totals and not the details. Mr. Buck would have the details. The totals do not show whether rent is or is not included. I got the number of boxes from Mr. Stanley's report. I examined the books but not to verify Mr. Stanley's statement as to the number
297 of boxes or the cost. The information as to the amount produced and as to the items that go into the total cost
(2051) was received from Mr. Buck. I took the totals. The figures used in the account as to the sales prices were taken from a statement prepared by Mr. Stanley which he derived from the records in the office. We considered that all boxes made were sold. I don't know anything about the identity of cost of producing all the brands. I con-
298 cerned myself with Doublemint only. I had the decree of the court directing the accounting. I had before me the totals for the overhead in the executive department. I got that from the general ledger itself and I have the items for each period. I am referring to the downtown office. The elements entering into the overhead for the
299 latter half of 1914 are postage, commission, circular department salaries, salaries to employes sending out circulars, merchandise salesmen, interest on notes payable,

discount, exchange. I have here the total overhead for the period. I have not finished giving all the items that make up the overhead. The total overhead from July 28,
300 1914, to December 31, 1914, is $456,697.59 and we have assigned to the Doublemint portion of the business a percentage amounting to 16.1927. I have my working papers here which are now handed to Mr. Aldrich. I don't know that the directors of the Wm. Wrigley Jr. Company have any advertising apportionment for each year. I have a statement here of the amount charged Doublemint for advertising in 1914. It is $481,499.22. Mr. Stanley made
301 up the advertising statement and I took his total. I have seen the figures for the total advertising account for the latter half of 1914, but I have not got the total here. I do not know on what proportion the advertising was divided as between Doublemint and the rest of the Wrigley business. I did not go back to the sources to ascertain Mr. Stanley's statement as to the amounts charged to
(2052) Doublemint for advertising. In order to get the account
302 ready in a fixed time it had to be divided up among different men. It would have taken two and a half years for one man and I couldn't do it all alone. Mr. Aldrich
303 says that the filed report is hearsay and not properly sworn to. The Master says there is no objection. Mr. Mayer asked whether counsel is moving to strike the account from the files on the ground that it is not properly sworn to and Mr. Aldrich replies: "I have already made my objections." Mr. Mayer says if counsel is moving to strike the account on the ground that it is not properly sworn to he is perfectly willing to withdraw it and have
304 Mr. Paine check it up so he can make a personal affidavit as to the accuracy of the whole thing, but that he does not wish to be charged with the time that it would take; Mr. Paine continued:

I did not receive from Mr. Stanley any statement for total expenditures for advertising for each of the accounting periods. I have knowledge or information as
305 those totals. It is in the general ledger but I have not that total here. I have here merely the figures that pertain to Doublemint gum. I did not make the distribution to Doublemint and do not know whether it is made up on the proportion of a third or 16.1927 per cent. I
306 made up the accounts according to the books of account and supplementary statements furnished me by others.

307 I don't recall now what the decree says. Mr. Mayer says that Mr. Paine has not the books here but if they are wanted for examination there will be no objection; that Mr. Paine has his working memorandum here and is prepared to testify as to any subject on overhead, as to what items went into it, as to how he verified it and how he distributed it.

(2053) The witness, in further answer to Mr. Aldrich's
310 questions, testified:

My responsibility for the filed account covers the over-
311 head and the correctness of the statements made up from these preliminary statements on the books of account by which I mean the profit and loss sheets made up from the books of account and supplementary sheets furnished me as I said before. I disclaim responsibility for the supplementary statements furnished me by others except as to the overhead. Mr. Aldrich then asks the witness if he can have copies made of the elements of overhead entering into each of the accounting periods to which the witness replies that it can be done, and Mr. Mayer says there is no objection to doing it.

313 December 26, 1918.

Mr. Mayer says: At the last session Your Honor will recall I stated that the evening before in glancing over the supplemental reports which had been filed it looked to me as though possibly there was a mistake in one of the percentages used, that one of the figures had been transposed. I have asked Mr. Eckerly to look at that and he reports to me that I am correct, that the sheet having reference to patents and patent rights for the first five months of 1914 under the heading "Doublemint's Proportion of Interest on Capital Invested in Patents and
314 Patent Rights" reads as filed:

"1914
5 months
$1,147,058.84 at 7% = $80,249.11 = 1 year
33,455.88 = 5 mos.
$33,455.88 x 16.8887% - - - - - $5,650.26"

(2054) The last percentage should be 18.6887% instead of 16.8887% and that as corrected the amount should be, instead of $5,650.26, as stated on the report, the sum of

$6,252.47, or a difference of $602.21. That mistake operated against the Wm. Wrigley Jr. Company and in favor of the L. P. Larson Jr. Company. In other words, if the mistake had not been made, the final result of the reports filed would have shown a loss greater by $602.21.

The Master: What do you desire, do you want to file an amended account, or is your statement here sufficient?

Mr. Mayer: I am inclined to think that perhaps some notation ought to be made on the supplemental report for the convenience of the master and any court that reviews it. It might be indicated by a star at that place on the original report as filed with a foot note at the bottom of it in the nature of an addenda, so that the exact figures may appear upon the face of the report instead of making it necessary to wade through what promises to be a rather voluminous record.

315 NELSON L. BUCK, being recalled by Mr. Aldrich, testified further on direct examination:

As my costs have been made up each month we included rent for both the New York plant and the Chicago plant but that does not mean that in making up the filed account we followed that policy.

319 The factory overhead was different for the different periods that have been covered. For instance, during the time when Mr. O. J. Buck and Mr. A. G. Cox were active their salaries as well as that of J. C. Cox and myself were included in what we call factory administration. As each one of the two former gentlemen retired they were naturally dropped from that expense. At the present time in the factory administration there are two salaries, (2055) that of J. C. Cox and myself. They were included in the factory overhead. There are other overheads which we included in our costs. Where we actually paid rent such as we did at the New York plant we included the cost of that rent in our factory cost. At Chicago heretofore we have always assumed a certain cost for rent in making up our costs, but in making up the report for this accounting we have excluded that item. When I was examined 320 on the former occasion I was asked as to how the books were kept at the factory end of the business to ascertain from month to month the factory cost. I had you might

say entire charge of making up that part of the filed account which has to do with the factory costs. I said I had nothing to do with the other parts of the report. In the books which we kept from time to time showing the cost of production we included rent for the Chicago factory. We did that because we were paying rent in New York and wanted to determine the relative efficiency of
322 the two factories. Mr. Aldrich asks for the production of books showing the factory cost, and he also asks Mr.
323 Buck to bring the books showing the production of both the Australian and Toronto factories. Mr. Mayer says that the books regarding the Chicago factory cost would be produced but he objects to producing the books showing the Australian and Toronto factory production until the Master has ruled upon the necessity or propriety of investigating those factories. Mr. Aldrich insists that on the record as already made the Wrigley Company is liable for the acts of the Australian and Canadian companies and that he is entitled to prove the production of
325 their factories. Mr. Mayer insists that the question at the threshold is whether the Master has been directed or empowered to take an account with respect to the profits,
(2056) if any, of the so-called subsidiary companies and also whether the relations between the companies is such that the West Virginia corporation shall be held liable for such profits, if any, made by the Canadian and Australian
327 companies; that he expects to show the relationship be-
329 tween the companies. The Master thereupon asked Mr.
333 Aldrich whether he had any further evidence which he wished to introduce on the proposition of the production of the books showing the production of the Canadian and Australian factories. Mr. Aldrich replied that if he gets that he is going to inquire into what the Wrigley Company received from the two factories and is also going to ask that Mr. Hall investigate the relations between the two, and that he does not now on this cross-examination intend to call for any further evidence. The Master then said that it did not appear to him that he should make an order directing the Wrigley Company to produce books of these other corporations, to which Mr. Aldrich
334 said he is not asking for that order but is asking that the Wrigley Company produce its own books showing the production of those two factories. The Master then said that he did not wish to pass upon that question yet and

that it was an important question whether the Larson Company has a right to recover the profits made by the Canadian and Australian companies and that he did not wish to pass on that question until the evidence relating to it has been introduced by both sides and that as yet there has been no application made for a rule on the Wrigley Company to file an additional account including the profits made by the subsidiary companies. Mr. Aldrich then requested that the Wrigley Company be required to furnish an account as to their receipts from those two companies and the production reported to them by those
(2057) two companies. The Master ruled that he would pass upon that question when all the evidence shall be intro-
335 duced on both sides on that question, and that he first wants to know what the relations are between the West Virginia Company and the Canadian and Australian companies and all other matters material to the determinnation of that question before he enters an order requiring an additional account to be filed that includes the profits of those two companies, and that if Mr. Aldrich has no further evidence to introduce now the Master would hear the Wrigley Company's evidence on that subject or whenever it is ready to produce it. Mr. Mayer then said that there is considerable proof which he wishes to offer with respect to the actual relationship between the two companies.

336 The Master then said (338) that he would not make the
338 order now until he has given the Wrigley Company an opportunity to introduce any evidence they might have that would throw light on the question, for after all it is largely a question of fact as to whether or not the West Virginia Company is using those foreign companies for its own purposes or whether they are separate companies standing on their own bottoms and entitled to such profits as they may have made themselves. Mr. Aldrich then said that they would have to set aside a day and that he would present a motion that the Wrigley Company be required to produce the sheets showing the production of the Canadian and Australian factories and that if the Wrigley Company has any further evidence he thinks
339 that it should be heard before the Master rules on that
343 question; The Master then stated that he wanted all the information that can be given on either side. Mr. Lane then asked whether it would not be satisfactory if the

Master's auditor examined the books which Mr. Buck
(2058) said he could produce instead of producing them here and Mr. Aldrich replied that he wanted them before him when he examined Mr. Buck. The Master then stated that this was all a part of the same question and before he determined it he wished to hear from both sides. Mr. Aldrich replied that he wanted the books here. Mr. Mayer then said that there is no objection to bringing here any books of the West Virginia corporation that throw any light upon the accounting as filed. That the
344 Wrigley Company interposed no objection at all to counsel satisfying himself to his heart's content without any restrictions to investigate such books, papers and documents of the William Wrigley Jr. Company as would throw any light upon the account as filed or upon any other subject which the Master rules is germane.

(2059) *Cross-Examination by Mr. Mayer.*

346 I have before me copies of the originals of reports
347 which I submitted to the main office as each period of costs were made up. These are the originals of those records. The items of manufacturing cost as they appear in the accounting were prepared by me. I have nothing to do with sales. My records show production.
349 The gross number of boxes of Doublemint gum produced at Chicago, Brooklyn and Toronto to the close of 1914, without taking into account any returns, is 1,303,713. The Toronto factory was owned and operated by the West Virginia company in 1914, so the Toronto production is included in the total for that period. I have before me a full, true and complete copy of the original
350 of my report which msut hvae gone to the main office. It was made at the same time as the original. One was made for my permanent office record and the other one to be used in the main office. (Mr. Stanley there-
351 upon handed Mr. Buck a document which Mr. Buck said
352 is the original.) I call the document a summary of Doublemint costs, 1914 to August 24, 1918. It was prepared under my direction. I checked it up sufficiently to know it is acuerate according to our books. I prepared it during the time we were ordered by the court to make up this accounting. The figures are taken from the books and records of the Wm. Wrigley Jr. Company

and were made under my supervision and are correct. I have no memoranda here from which I can tell the total number of boxes of Doublemint gum in the enjoined dress made by the Wrigley Company at all its factories between July 28, 1914 and December 31, 1914. The reports
353 that I have compiled were prepared so as to give the average cost of Doublemint per box, also the gross number of boxes of Doublemint produced. That total would be in excess of the total as filed because in it are included the production of what we term as wide tab Doublemint, narrow tab Doublemint, and also does not take into account the returns in boxes of Doublemint gum. I gave
(2060) Mr. Stanley the information as to the gross amount
353 produced, and it was used as a basis for the preparation of the reports filed with the master. The difference between the 1,303,713 boxes and the 1,175,422 boxes reported to the master as sales in that period, would not necessarily be the amount returned. We may have manutured in excess of what we sold, which would be represented by the stock on hand. We actually made at the
354 Toronto factory between July 28 and December 31, 1914 73,079 boxes. We actually produced during the period stated 1,015,878 boxes at Chicago and 214,756 boxes at Brooklyn. Those figures were ascertained from actual records. As the Doublemint gum is wrapped a wrapping
354 machine card record is made out showing the number of boxes produced. There is one card for each machine. At the end of each day those cards are sent to the factory office after they have been checked by the inspecting department to see that the amount recorded on each one corresponds with the amount of gum actually received by the inspecting department, and then copied into a wrapping machine book which is kept in the factory office. The totals of Doublemint were added up which makes up the totals as reported. The number given by me is ascertained mechanically and must be absolutely accurate.

The cost of production at the Toronto factory between July 28, 1914 and December 31, 1914, shown in the filed report, is actual and accurate. It was arrived at as follows:

355 We have a monthly cost record which shows the exact amount of each one of the materials and supplies that have been used in making our gum. We know the exact

cost of each one of these materials and supplies. We
356 know the exact amount of material that is used per batch or box and also the unit cost. We have been able to separate the costs of Doublemint from the costs of the other
(2061) brands that we made at that time and therefore the
356 cost is absolute. Besides the material that entered into the manufacturing cost, there are also in-freight on material, labor, packing and shipping department material, shipping boxes, and so forth, factory expenses, power
357 and light, administrative expense, miscellaneous factory supplies, office supplies, liability insurance, labor supplies, telephone bills, laundry, miscellaneous hardware, help want ads, sawdust, restaurant loss. We run a restaurant at the factory for the benefit of the employes. There are also miscellaneous expenses that cannot be apportioned against any one particular operation in the plant. Thus, a dozen brooms may be used for cleaning up and their cost could not be apportioned against a box of gum. We merely charge that cost into a general factory expense account. The administrative expense includes the salary at the present time of J. C. Cox and myself.

358 In figuring the cost at the Brooklyn plant, there are one or two other charges, for instance, rent. In the filed account we made no charge at any time for any rent that was not actually paid for the factory. While the West Virginia Wrigley Company was operating in Toronto it actually paid rent, and it always paid rent at the Brooklyn plant. That item is included in manufacturing cost. The Chicago plant was owned by the West Virginia company and in the reports filed with the master, no rent for it was charged or included in the manufacturing cost. On the books, however, as kept, rent was included in the manufacturing cost.

360 After the Canadian company was organized and took over the Toronto plant, the Canadian company kept its separate books and separate accounts. We kept no books or accounts for the Canadian company and had nothing to do with that at all. None of the books that I kept or had charge over had anything to do with the Canadian
(2062) company. So far as I know, the two companies were
360 wholly separate and distinct.

361 The cost of manufacturing Doublemint gum in 1914 at Chicago was .202135 and at Brooklyn .202423 per box.

These costs are actual and were accurately ascertained by me.

During two or three of the accounting periods there was a charge for four cent revenue stamps per box, each containing twenty packages, each package containing five sticks, which has been included in the factory costs for
363 only the respective periods that the stamp tax was on. There was not included in the manufacturing cost, as reported to the master, any salaries of the employes downtown, or the downtown rent, or of running the downtown office, or of any governmental taxes other than the four cent tax referred to. There were included in the manufacturing cost some real estate taxes for the plant at which the gum was manufactured, but not any other real estate taxes. Nothing was included for advertising or trade discounts. We included the cost of printing the counterbands that go around each individual five-stick
364 package, which we call a coupon counterband. It is a United Profit Sharing Coupon which had printed on it a promise of redemption. Those papers were printed by the Wm. Wrigley Jr. Company or procured by it to be printed, and the expense of that was included as a factory or manufacturing cost, but nothing was included for redeeming those Profit Sharing Coupons. There was also placed in each Doublemint box a dealer's United Profit Sharing Coupon which was the equivalent of five of the individual Profit Sharing Coupons wrapped around the five-stick package. The redemption cash value of the coupon wrapped around each five-stick package was one-
365 fifth of a cent, while the dealer's coupon had a redemption value of one cent. Each box contained twenty five-stick packages of Doublemint gum during the entire accounting period. We began to wrap the five-stick packages
(2063) from the start of Doublemint gum produced in the
365 United States. The gum sold in Canada by the Wrigley
366 Company was not wrapped in these coupons. It was customary to wrap each five cent package in Profit Sharing Coupons with the exception of the gum which was sold for foreign trade. I would not say that none of the foreign shipments did not have them, but the big majority of foreign shipments did not have any coupons. Generally speaking, it was customary to wrap each five cent package of Doublemint sold in the United States was a
367 one-fifth cent Profit Sharing Coupon.

There was not included in the manufacturing cost or the factory cost the cost of printing the dealer's Profit Sharing Coupons having a one cent redeemable value, nor anything for interest on capital used or invested in the factory, nor anything for contingent liability for unredeemed United Profit Sharing Coupons, nor anything for income or excess profits tax, but the manufacturing cost, as reported to the master, was limited during the entire accounting period to the items of the character that
368 I have described. For a limited period the Toronto plant packed twenty-one five-stick packages in each box before 1916. That fact has no bearing at all upon any of the costs or figures that I have given. In figuring the manufacturing cost, I took the raw material on the basis
369 of actual cost during the entire accounting period. I am and for the last five years or so have been familiar with the market value from time to time in Chicago of the material used in the manufacture of gum.

Mr. Mayer then asked the witness to state whether as a matter of fact the actual cost of the raw material used
270 in the manufacture of the Doublemint gum and as used by the Wrigley Company as a basis for determining the manufacturing cost was more or less than the market value in Chicago at the time of its use. Mr. Aldrich ob-
(2064) jected to the question and Mr. Mayer insisted that
371 actual value should be used rather than actual cost, and that his object in putting the question is to show the master that actual cost was used at all times, notwithstanding the fact that it was less than actual value at the time, as one of the evidences that the account is absolutely fair.
372 The master sustained the objection. The witness further said: The actual cost of manufacturing some of the different brands during the accounting period was more
373 than the cost of Doublemint gum. Thus our Juicy Fruit export gum, which is wrapped in foil, runs several cents per box higher than the Doublemint gum on account of the way it is wrapped and the box etc. and the printed matter. For that reason we have not taken an average cost as chargeable against Doublemint but have taken the real costs in all instances and only charged that against the Doublemint. The Doublemint gum is wrapped by machinery but not all the gum made by the Wrigley Company during the accounting period was wrapped by machinery. Our Juicy Fruit two-stick gum has always been

wrapped by hand and that gum costs us several cents a box more so far as labor is concerned than to wrap the gum by machinery and in compiling these costs we have not apportioned our labor charge against Doublemint in the proportion of the Doublemint to the total proportion
374 of all brands because that would then make too large a cost against Doublemint by doing that way, but we have excluded that hand labor cost in arriving at our total. The labor that was included in the manufacturing cost
375 during the entire accounting period was labor that was performed in the factory in connection with the manufacture of the gum and the same thing is true to all of the expenses that we have included in the manufacturing cost other than material. There would be some labor used in common for the manufacture of all our brands, in a
(2065) general way, so far as the labor is concerned. If we were going to start out to make Spearmint gum or Juicy Fruit gum, we would start out the same way. There is no change made in the manufacturing of Spearmint gum or Doublemint gum up to the point where we put in the flavor, so far as the three big brands are concerned, the Spearmint, Juicy Fruit and Doublemint. It is merely a question of the flavor that is put in which determines what brand it will be. The men that are working in the factory and at the machines are working in connection with the manufacture of all three brands of gum at the
377 same time. One goes from one kettle to another. One kettle may be Spearmint and the next one Doublemint and we have a paddle on the top of each kettle indicating what kind of gum that it is to be made into and by indicating paddles, as we call them, the gum maker knows what flavor to put in. We allocate the cost of that labor by finding the percentage of Doublemint production to the total production of all brands and we made Doublemint bear that same percent to the total amount of labor
378 expended in that operation. The method which we adopted in allocating expenses and the costs of manufacturing varied with the different plants. For instance, at New York where we only make three brands, Spearmint, Doublemint and Juicy Fruit, we could work that on a percentage basis, while at Chicago where we make more brands and some of different qualities, we had to use another method which would be more accurate than as though we merely took the cost at Chicago on a percent-

age basis. At the New York plant, in figuring the cost of chicle, sugar, glucose, glycerine, starch, confectioner's stock, and miscellaneous purchases such as milk and sesame oil, we charged against Doublemint the percentage of the total cost as represented by the percentage of Doublemint produced to the total amount of gum produced.
(2066) That is not necessarily the basis we use at the Chicago
379 factory. So far as essential oil is concerned, at New York we took our formulae, we keep a record of each lot of oil and by comparing our monthly inventory sheets, one with another, we could find out just the exact amount of oil used for flavoring Doublemint, and having the cost of each lot, we were able to get the essential oil cost in that way and therefore did not use any percentage. We used the actual cost of the actual quantity of material that went into Doublemint. In figuring the cost of infreight on material, packing and shipping department labor, shipping boxes, and so forth, factory expense, power and light, administrative expense, factory depreciation and motor truck expense, we figured it on a percentage basis, charging against Doublemint its precentage
380 to the total amount of gum produced. The percentage which we used was that which Doublemint bears to the total amount produced. That is true as to Chicago and Brooklyn factories during the entire accounting period and also as to the Toronto plant while the Wm. Wrigley Jr. Company was operating it. Of course, there was a different percent during every period, due only to the fact that there was no uniformity of the amount of production. The items entering into the manufacturing cost as reported to the master were all ascertained on an ac-
381 tual basis as I have described and were so reported to the master. All the records have been preserved.

Mr. Mayer then stated that they are available for inspection.

The witness continued: The total production of all the factories in 1915 was 3,882,427 boxes, of which 3,102,936
(2067) were made in Chicago and 593,015 in Brooklyn and 186,476 in Toronto. Those figures are actual but I consider them gross figures because they include the short
382 tab, wide tab and the returns of the Doublemint had not been deducted. That is true as to all the figures on actual production that I have procured and verified. The manufacturing costs for 1915 at Toronto, as reported to the

master, are actual and were arrived at by the same method as we arrived at our cost for the period 1914 at Toronto as well as at the other factories. The 1915 cost of manufacturing 14,525 boxes is figured at the 1914 cost because
383 we manufactured more in 1914 than we sold, but the manufacturing cost is actual and correct to my personal knowledge. I have not the cost average for both the Chicago and Brooklyn factories. I have the detail on each one of the factories which I can give. The 1915 cost of manufacturing at the Chicago and Brooklyn factories is an average. The actual cost in 1915 of manufacturing in Chicago was .2218814 plus and at Brooklyn .2280377 plus. I gave those figures and the manufacturing cost covering the entire accounting period to Mr. Stanley. I
384 also gave a report to Mr. Cox. I reported to Mr. Stanley correctly the actual manufacturing cost and I understand that he used that as a basis for further calculation. In 1916 we manufactured at Chicago 3,806,742 boxes and at Brooklyn 503,934 boxes. That includes the short tab and single stick gum. I am describing three styles, viz.; single stick and wide tab and narrow tab. Single stick gum
385 is not put up in five-stock packages but each single stick is a unit in itself and is first wrapped in waxed paper. All Doublemint gum is first wrapped in waxed paper. The single stick gum is next banded with a two-color printed band and sealed so that there are only two pieces of paper
(2068) around the single stick gum. In the five-stick package, each stick has a piece of waxed paper around it and outside of that waxed paper is another wrapper on each individual stick, which is no sealed. That makes ten pieces of paper around the five sticks and the five sticks are then
386 put into an outside sealed wrapper, making eleven pieces of paper, and around that outside wrapper there is a counterband not quite as wide as the stick of gum, which makes twelve pieces of paper around each five-stick package. The single stick gum is sold in single sticks through vending machines, one stick at a time. The vending machine is a mechanical apparatus requiring the operation of the deposit of a cent in the machine and the operation of a plunger and the stick of gum then comes out. The consumer does not see the stick of gum before it leaves
387 the vending machine. A standard stick of gum is about three inches long, by three-fourths of an inch. The narrow tab I would estimate to be about sixty per cent of

the length of the standard and wider and considerably thicker than the standard. It is a distinctly different shape than the standard size. That leaves the factory in single sticks wrapped in two pieces of paper on each
388 stick and is sold in single sticks through vending machines of the general character which I described. The retail selling price of the narrow tab and the wide tab and the single stick gum is one cent a stick. In a general way the consumer of the narrow tab does not see the dress in which it is wrapped until he has deposited his money and got the gum by using the mechanical apparatus, but I think he can see the narrow edge of the gum which is the case with all vending machines I believe, but he could not see the dressing. The wide tab is about the same general style as the narrow tab only it is considerably wider and
(2069) each stick is heavier than the narrow tab or the standard one stick piece and it is wrapped first with a waxed
389 paper and then with a printed two-color band and the consumer gets it in single sticks through vending machines and he does not see the dress in which the gum is wrapped until it has left the machine. All of those gums have been included in the production. The manufacturing cost of the 26,707 boxes sold in 1916 and reported in the filed account were manufactured in 1915 but not sold until 1916 and therefor in order to make the account absolutely correct, we had to take that number of boxes at the 1915 cost. The cost of the 3,951,203 boxes made in the Chicago
390 and Brooklyn factories and sold in 1916 is accurate and was obtained in the same way as the other costs for previous years were obtained. I gave the manufacturing cost at Chicago for that year and the manufacturing cost at Brooklyn for that year to Mr. Stanley. The greater production was always in Chicago. I have taken the total cost of all the boxes of Doublemint at Chicago and to that added the total cost of all the boxes of Doublemint at Brooklyn and divided that cost by the total number of boxes produced in the aggregate at the two factories. That gave me my average cost per box. The manufac-
391 turing cost at Chicago and Brooklyn in 1916 shown in the filed account is correct to my own knowledge. I supervised the computations. It was arrived at by actual costs.
392 The same method was pursued as we have already gone over. My deductions are first arrived at by knowing the total cost of all the gum and I divide the number of boxes

into that and my cost per box is the last figure I get. I got the cost per box at Chicago separately and at Brooklyn separately and those manufacturing costs were actual. I had the total costs and I added the two total costs together and divided by the total number of boxes which gave me the average cost per box. I can give the
(2070) Doublemint output in 1917 at the different factories owned or controlled by the West Virginia company at that time. At Chicago we manufactured 3,868,611 boxes
393 and at Brooklyn 713,076 boxes. We carried over from 1916, 63,603 boxes and the cost of manufacturing it as reported to the master was the actual manufacturing cost. The manufacturing cost of Doublemint gum at Chicago and Brooklyn as reported in the filed account for 1917 is actual and was computed under my supervision and I am satisfied it is correct. It was arrived at from actual costs by the same methods as for the previous years. I can state the actual production of Doublemint gum from
394 January 1, 1918 to August 24, 1918, at each factory separately. At Chicago it was 2,675,507 boxes and at Brooklyn 583,934 boxes. We carried over into 1918, 21,433 boxes made in 1917 and for that reason they carry the manufacturing cost of 1917, and that cost is actual. The manufacturing cost at the Chicago and Brooklyn factories shown in the filed account for the period from January 1,
395 1918 to August 24, 1918 is actual and correct to my knowledge. I have taken the actual cost of manufacturing in Chicago and the actual number of boxes manufactured there and that gave me the total cost of manufacturing in Chicago and I took the actual cost of manufacturing at Brooklyn and the actual cost of manufacturing all the Doublemint boxes at Brooklyn which gave the total cost of manufacturing the total Doublemint at the Brooklyn factory and the total number of Doublemint boxes produced at both factories, and by dividing one by the other
396 it gave the reported average cost per box. My total is production and the total on the filed account is made on
397 the basis of sales. All gum wrapped at our factory from August 24, 1918 for domestic purposes was wrapped with white dry waxed paper instead of the green paper as
(2071) theretofore. I mean around the individual sticks. I do not mean that these individual sticks were not enclosed in a green wrapper. The outside waxed paper was the

398 same as theretofore, only the individual sticks were wrapped in white paper. August 25, 1918 was Sunday. On August 26, 1918 there was a change in the dress of the Doublemint gum sold in the United States. That change was the substitution of a white for a green wrapper. Prior to August 26, 1918 each stick was wrapped in a plain dry white waxed paper. On top of this white paper was a green printed wrapper printed in one color, loosely wrapped and not sealed. After August 24, 1918 we wrapped each stick with a plain white waxed paper very
399 similar to previously, but we substituted for the green one-color printed paper a white two-color printed band and glued these bands on each individual stick. There was no very substantial change beginning August 26, 1918 in the dry white waxed wrapping paper next to the stick of gum itself but the second or outside sheet of paper was changed so that instead of it having a green wrapper on the individual stick visible to the eye when a person handled a stick of gum, that green was changed to white. I have no samples with me of the wrappers used before
400 and since August 26, 1918. We made the same change beginning August 26, 1918 with what I have described as
401 single stick and narrow tab and wide tab gum. Our narrow tab, wide tab and single stick gum were wrapped first with a dry green waxed paper, then around the green waxed paper was a two-color white label which labels are glued to the packages. In making the change we substituted a white dry waxed paper for the green dry waxed paper and by this change we eliminated the green appearance on the end of the individual sticks for these three styles, the same as we did with the other previously described stick packages, so far as the individual sticks are
(2072) concerned. The result was that beginning with August, 1918 if you looked at a single stick of Doublemint
402 gum, the edges that appeared beyond the counterband
403 were white, that is after the package was broken. None of the five individual sticks in a package could be seen until the outside wrapper was broken and when the outside wrapper was broken, the individual sticks were visible and the change was then very apparent. The instant anyone saw any of the three types, wide tab, narrow tab or individual stick gum, it appeared white. The reason the first filed account ended on August 24, 1918 and the supplemental filed account began on August 25, 1918 was

because of the changes in the dress that I have described and under advice of counsel. I procured the information that appears on the supplemental account covering the
404 period from August 25, 1918 to October 4, 1918 and filed December 10, 1918. I know what the output of Doublemint gum was during the period covered by the supplemental report. Part of the gum manufactured during that period for foreign trade was wrapped with green wrappers on each individual stick. Of the total of 684182 boxes 71,084 boxes were wrapped with green wrappers in the same style as used previous to August
405 25, 1918, and the balance were wrapped in changed wrappers as I have explained. Of the 71,084 boxes that were wrapped with green wrappers, 50,000 boxes were sold to the Y. M. C. A. They went to France. 375 boxes
406 were shipped to Manilla in the Phillipine Islands. I figured the average manufacturing cost of the production of Doublemint gum from August 25 to October 4. It is correctly stated in the filed report and the amount is actual and not estimated and was procured in the same way as I have already described with respect to the
407 other manufacturing costs. A change was made in the Doublemint dress beginning October 5, 1918 when we substituted for the five-stick packages pink self sealing
(2073) waxed paper for the green self sealing waxed paper. The self-sealing waxed paper that I am referring to is on the outside of the package. A similar color scheme was made for all styles including wide tab, narrow tab, single stick and the five-stick packages. The October 5, 1918 change was the second one we made, the first change
408 having been begun on August 26, 1918 as I have already described. Referring to the five-stick package, beginning October 5, with the individual sticks we substituted a dry pink waxed paper for the dry white that we had used and for the waxed paper that we used around the sticks we substituted pink paper instead of green. We made two changes on October 5 in our five-stick package for domestic shipment. Prior to October 5 the first piece of paper next to the individual stick of gum was white and on and after October 5 it was changed to pink. That
409 paper is called dry waxed paper. Starting October 5, 1918 we substituted a pink dry waxed paper for white dry waxed paper around the individual sticks in our five-
410 stick packages of gum sold in this country. Nothing

was printed on either the white or the pink paper and since October 5, 1918 we also substituted on the five-stick package a pink self-sealing waxed paper for the green self-sealing waxed paper, which encloses the five sticks so as to make a single package. It is the outside wrap-
411 per. Beginning with October 5, a person who picked up a five-stick package of gum saw the pink outside self-sealing waxed wrapper and as he broke it, he saw the five individual sticks, each of which had an outside pink
412 wrapper, the ends of which were visible. The result was that you no longer saw any green wrapper on the single stick.

413 Mr. Mayer says that the Wrigley Company is not mak-
(2074) ing any reports or any accounting of its sales of gum
413 that was wrapped in outside self-sealing pink wrappers, to which Mr. Aldrich replied that he so understood it.

The witness continued:

The filed account showing Wrigley's Doublemint profit and loss statement from October 5, 1918 to November 12, 1918 covers a part of the gum that was exported with green outside wrappers. Mr. Mayer stated that the reason for reporting those sales was so that the court could
414 see how many packages with green outside wrappers were sold, whether in this country or exported, but that he did not admit any obligation to account for them and simply filed the account so that the master will have the facts before him as to what changes were made and when they were made and what sales were made in the different periods. The witness said: No green waxed self-sealing outside wrapping paper was bought by us after July 30, 1918 (the date of the Circuit Court of Appeals decision) and we discontinued the use of that wrapper because we had to stop and the last shipment was November 12th and that is the reason we stopped
415 the account on that date. I made up the item of manufacturing cost in the profit and loss statement filed covering the period from October 5, 1918 to November 12, 1918. The output during that period at Brooklyn was 38640 and at Chicago 54865. Part of that gum was wrapped, the individual sticks with white dry waxed paper with the self sealing paper around the five sticks, and a part with the loose green wrappers around each individual stick and the self sealing green paper around each five sticks. Part of the dress was the same as be-

416 fore August 24, 1918. The reason the manufacturing cost of the gum produced between October 5, 1918 and November 12, 1918 is the same as that covering the period August 24th to October 4th is: our factory costs are
(2075) made up for each complete month, therefore in getting at the cost of the gum from August 24th to October 4th we had to take the cost up to November 1st. Therefore, having received in that way the average cost per box for September and October, then in our supplementary report carrying on the costs from October 5th to November 12th we took the same cost, but in this instance we estimated that the cost of gum from November 1st to November 12th was the same as the average cost for two months previous because at the time that we filed this report we had not compiled our November costs, and knowing that our costs are very rapidly advancing we knew that we were beating ourselves, if anything, in submitting it that way. Our cost accounts are made up once a month. We balance our stocks once a month. I am satisfied that the cost of labor and material was con-
417 stantly on the rise and I am satisfied that by using the manufacturing cost between August 25, 1918 and October 4, 1918 as that for the period from October 5, 1918 to November 12, 1918 that I have taken a manufacturing cost below the actual. I have the cost for each period for each one of the general headings such as the cost of material, chicle, gum clothing, raw material, labor and so forth all the way through. If you, Mr. Aldrich, want to see them, you can. I have them all here, and the witness handed Mr. Aldrich a paper and said:—
418 You will see that this is divided up, as I mentioned, into raw material, gum clothing and so forth.

December 27, 1918

Further Cross-Examination of Nelson L. Buck by Mr. Mayer.

In making up Doublemint manufacturing cost from August 25, to October 4, 1918, I did not have to take the month of August because I had already previously fig-
(2076) ured the cost for that month, but I did have to take
419 the month of September and all of October in order to carry the accounting up to October 4th, and I already had the manufacturing cost for the month of October.

I didn't compute the cost of November at all because it had not been made up for November at the time this accounting was filed, and so I took the manufacturing cost for November as being the same as for October, 1918. I have an actual cost for the gum from October 1st to November 1st and I assumed that from November 1st to November 12th it was the same as from September 1st to November 1st, and I am confident that the actual
420 manufacturing cost during the first twelve days of November was at least as high as at any time during September and October, 1918. It was a physical impossibility to take the actual manufacturing cost for the twelve days in November because our manufacturing costs are only made up once a month. The cost records show that a gradual, steady advance in cost has taken place during 1918 and especially during the late months of 1918 because we ran into some very high priced materials during those months, and that is why I know that for November they would have been even higher than we reported. That increase also covered labor. Those in-
421 creases were attributable in part at least to war conditions. In describing the various styles of Doublemint yesterday I mentioned what we call as our standard package, our single-stick, wide tab and narrow tab. In investigating the matter I find that we have never put out any narrow tab Doublemint. We have that style in other brands and I assumed that it was also prepared in the Doublemint wrapping, but it never has been, so we only make two of the vending machine styles instead of
422 three as mentioned yesterday. One other correction I
(2077) would like to make: On being asked about the gum shipped to foreign countries after October 4, 1918, I testified, as I remember, that that was shipped between August 26th and October 4th. I was asked as to what proportion or what quantity of that gum was prepared in the loose wrapped style, by that I mean with the green, loose wrappers, and I said I was not confident as to the exact quantity but I knew that 50,000 boxes were shipped to the Y. M. C. A. and 375 were shipped to Manilla. I would like to make a correction as that gum was shipped after October 4th. I mean the 50,000 and the 375 and also the 93,000. The 93,505 boxes accounted for as stated from October 5, 1918 to November 12, 1918 included the
423 50,000 that were shipped to the Y. M. C. A. and the 375

boxes shipped to Manilla. The facts stated in the footnote on the filed account showing the transactions between October 5, 1918 and November 12, 1918 which refers to the use of pink waxed wrapped Doublemint gum in this country and the exportation in the period named of 93,505 boxes of Doublemint gum wrapped with green waxed paper and the purchase of the paper before July, 1918 and the abandoning of the green waxed wrapper everywhere on November 12, 1918, are absolutely correct. My intention was to state the facts in the same
424 way in my yesterday's testimony. I have a memorandum showing a part of the shipments of the 93,505 Doublemint boxes accounted for on the October 5th to November 12th, 1918 statement. Mr. Aldrich consented to the reading into the record of the statement handed Mr. Mayer by Mr. Stanley showing the places to which those 93,505 boxes were shipped. The statement shows the following shipments:

(2078)	North China	3,560 boxes
	South China	30 boxes
	Phillipine Islands	375 boxes
	Panama	1,680 boxes
	Honduras	900 boxes
	Republic of Columbia	400 boxes
	British Guiana	20 boxes
	Brazil	10 boxes
	Haiti	30 boxes
	Dominican Republic	100 boxes
	Spain	100 boxes
	France	86,300 boxes

making a total of 93,505 boxes.

425 The witness continued: I have a list of the number of boxes wrapped with the green loose wrappers. Of the total produced between October 4th and November 12th there were 71,084 boxes wrapped with the green individual wrappers. That leaves the remainder 22,421 wrapped with the dry white waxed wrapper around each individual stick. Without looking it up I would not care to say what kind of a counterband wrapper was on the
426 22,421 boxes. We are having samples made up of the different wrappers that were used up to the time of the changes.

(2079) *Redirect Examination by Mr. Aldrich.*

426 I had here yesterday memoranda showing the cost of the gum for each of the accounting periods and also the cost of the different items that went into the total cost of the gum. I also have a tabulation that gave the cost for all the periods excepting the supplemental report, on one sheet. Witness hands Mr. Aldrich certain memoranda.

427 Mr. Aldrich asks for the sheet commencing in July or August, 1914, for the Chicago factory and says he wishes to see where the witness has these different elements. The witness then pointed to the recapitulation side of the cost sheet for the month of August, 1914, and continued:—

In my accounting I have not given the costs for July 1914, because, as I remember it, we only produced one or
428 two boxes in that month. Our production of Doublemint in quantity started in August. The items which I referred to as items of cost in the production of a box of Doublemint gum are not entirely the same items that I kept in the cost sheets kept by me during the accounting period from month to month. The administrative expense is not identical at least for the latter periods. It may correct for the year 1914. It is very hard to remember back as far as that. Chicle interest has not been reported in the report as submitted to the court. That is all that I see on this particular sheet. Rent has also been included in the cost sheets as kept from month to month. This sheet for August, 1914, shows that the cost per box as I then reported it was .1667 cents per box. No factory depreciation is included in that statement. In making up the present account we have abandoned the item of rent of factory and buildings and have in-
429 serted the factory depreciation. We held a sort of a general conference, talked over the items which we thought should be changed to make an accurate accounting and that would absolutely stand, and inasmuch as we did not actually pay out any rent for the Chicago build-
(2080) ings, due to the fact that we owned them, we thought it was only proper to eliminate that cost from this accounting as submitted to the court. As regards the Chicle interest item, we have ordinarily taken a cost of $3,000 per month for each month during the whole period

on the cost books, but inasmuch as that was an arbitrary amount we did not consider it fair to the Larson Company to charge up this accounting with that item and we therefore eliminated it also. I am not sure whether the amount of administrative expense as recorded on the cost sheets was accurate at that time or not. By cost sheets I mean the particular cost sheet that I now have before me.

430 When we originally made up the amount to be charged against the Chicago plant it was accurate, but the salaries were changed of the officers from time to time which we made no record of in making up our factory costs, and inasmuch as we continued to carry this same amount for many months, I would not definitely say whether the amount on the record on this particular sheet for August, 1914, is correct or not. In making up our record for the court we put in the actual administrative salary cost and thereby made the corrections provided we found these were not correct as recorded in the manufacturing cost sheets as kept by us in our business. I also wish to state that there are many costs on this cost sheet of August, 1914, that do not enter into the cost of Doublemint because, as previously stated, this cost represents the cost of all gum and in no way does it separate Doublemint from the others. As an illustration, this sheet that we have before us shows an expenditure of $1,610.92 for foil. We have never wrapped any Doublemint with foil and therefore in making up our account for the court we naturally eliminated this item and we likewise eliminated other items which
431 were not applicable against Doublemint. We never figured depreciation on each of our individual monthly costs, only at the end of the year do we take this into
(2081) account and that is taken care of at our general office, but not on the factory cost sheets themselves. We have several sheets, in fact each one of the sheets for each period has the item of depreciation on it.

432 (At Mr. Aldrich's request the witness handed him certain documents). Mr. Mayer says that if Mr. Aldrich intends to offer the documents in evidence he will not object and notifies counsel that he will insist that the documents which he is producing be considered in the record and a part of Mr. Aldrich's evidence because of his notice to produce them and their production and the

433 inspection thereof by Mr. Aldrich. Mr. Aldrich says that the documents are not records but merely memoranda which were made up for the purpose of Mr. Mayer's examination of the witness. Mr. Mayer replies that this interpretation is not correct and that the cost sheet produced here in the book was brought here today before the Master for the first time and solely because of Mr. Aldrich's notice given to the witness yesterday to produce it. Mr. Aldrich replies that that is correct as to the cost sheet. Mr. Mayer thereupon says that inasmuch as Mr. Aldrich notified Mr. Buck to produce the cost book as kept by the Wrigley Company an as it has been produced and as Mr. Aldrich has examined the cost sheet for August, 1914, that the cost sheet be considered in evidence as offered by the L. P. Larson Jr. Company. The Master says that there is no
434 question for him to pass on yet and that if Mr. Aldrich, by his examination, makes something competent for Mr. Mayer to afterwards offer he may do so, and the ques-
435 tion will then arise perhaps as to its admissibility. Mr. Mayer thereupon moves that the testimony of the witness respecting the cost sheet No. 2 be stricken from the record as calling for information contained in a document not offered in evidence and the Master overruled
436 the motion. The witness continued: If I remember correctly, I have only referred officially to the summary
(2082) that has been made up from those individual sheets.
436 Said summary is entitled "Summary Doublemint Manufacturing Costs—1914-1918" and was marked for identification as Buck Exhibit A. I have the elements that entered into that. I believe those papers were not handed to Mr. Aldrich during the course of my examination by Mr. Mayer when I referred to them, with one exception. Since Mr. Aldrich commenced my re-exam-
437 ination he asked me to let him take them. In answer to Mr. Mayer's question whether Mr. Aldrich ever called for them before Mr. Aldrich replied that he did not know that he called for them before. The witness continued:—

The papers that I used as the foundation for my testimony are those which I have now shown Mr. Aldrich. They are marked for identification and numbered Buck Exhibits B to G inclusive, Buck Exhibit B being "Summary Doublemint Costs Chicago Factory Aug. to Dec. inclusive 1914"; Buck Exhibit C "Summary Doublemint

Costs Chicago Factory 1915"; Buck Exhibit D "Sum
438 mary Doublemint Costs Chicago Factory 1916"; Buck Exhibit E "Summary Doublemint Costs Chicago Factory—1917"; Buck Exhibit F "Summary Doublemint Costs Chicago Factory—1918"; Buck Exhibit G "Summary Supplementary Doublemint Costs Chicago Factory—1918", and counsel stipulated that those documents shall be considered as part of the record before the
440 Master and in evidence. Said Buck Exhibit B shows the total boxes wrapped in the Chicago factory between August and December inclusive, 1914, to be 1,015,878, and also the cost of raw material, gum clothing, in freight on material, labor, shipping department labor, shipping boxes, etc., factory expense, power and light, administration expense, insurance, factory depreciation, motor truck expense, 169,747—4c stamps.

(2083) And said Buck Exhibits C, D, E, F and G contain
441-445 similar information for the years 1915, 1916, 1917, 1918, and from August 26th to October 4, 1918, respectively, said factory depreciation from August to December inclusive, 914, being shown as $4,305.16, and for 1915 $9,359.85, and for 1916 $8,404.07 and for 1917 $8,720.92, and for 1918 $5,372.29, and for the period from August 26 to October 4, 1918, $1,819.48. I would not
446 consider that factory depreciation was put in in lieu of rent which was left out. Each one of those subjects was handled independently. When Mr. Aldrich said he inferred from something Mr. Mayer said yesterday that the rent was omitted so as to be able to make a charge for interest on capital and then asked the witness if that was so the witness replied, "I would not say so." Mr. Mayer then stated that he did not say that and that he said that he concluded as a matter of law he could make a charge on capital, and having come to that conclusion, he didn't think the Wrigley Company ought to charge rent also. Mr. Aldrich then asked the witness when it was decided that factory depreciation should be included and he said I believe when we first started to make up these costs for the court. Mr. Mayer then asked the witness what that factory depreciation means and the wit-
447 ness replied that in this instance it is depreciation on machinery. Mr. Mayer then said that he thought that possibly Mr. Aldrich thought that it might be buildings

and asked the witness whether the depreciation was only on machinery and the witness replied in the affirmative. The witness further testified in answer to Mr. Aldrich's questions, that the items of factory depreciation for the period from August to December inclusive, 1914, is $4305.16. Mr. Mayer made no objection to Mr. Aldrich's request that each one of the monthly cost sheets as made up during the accounting period be copied or bound in the record. The witness continued:—

(2084) I did not say on my original examination that a copy of this was sent both to the sales department and to the administrative department. The rent charges and
448 the cost per box of gum shown on our monthly manufacturing cost sheets during the accounting period for the Chicago factory are as follows:

August, 1914, rent $2,083.33, cost per box, .1667 cents.

September, 1914, rent $2,083.33, cost per box .1708 cents per box.

October, 1914, rent, $2,083.33, cost per box .1799 cents per box.

November, 1914, rent $2.083.33, cost per box .1728 cents per box.

December, 1914, rent $2,083.33, cost per box .1803 cents per box.

January, 1915, rent $2,083.33, cost per box .1772 cents per box.

February, 1915, rent $2,083.33, cost per box .1789 cents per box.

March, 1915, rent $2,083.33, cost per box .1717 cents per box.

449 The dollar sign should be used before the figures and decimals which are followed by the word "cents." Thus, the manufacturing cost in August, 1914, per box was 16.67 cents or $.1667 per box. A similar correction applies to the figures which I have given along similar lines both today and yesterday, and the same criticism applies to the decimals used in the filed account. Thus, the manufacturing cost on the profit and loss statement
450 filed with the Master covering July 28, 1914, to December 31, 1914, gives the manufacturing cost at the Toronto factory as ".215472c." As a matter of fact the mark for cents should be eliminated and the dollar sign should be put before the decimal. The witness then continued to give the rent charges and cost per box of gum at the

Chicago factory. April, 1915, rent $2,083.33, cost per box $.17022 per box. May, 1915, rent $2,083.33, cost per box $.1753.

(2085) June, 1915, rent $2,083.33, cost per box $.1841 per box.

451 July, 1915, rent $2,083.33, cost per box $.1811 per box.
August, 1915, rent $2,083.33, cost per box $.1785.
September, 1915, rent $2,083.33, cost per box $.1842.
October, 1915, rent $2,083.33, cost per box $.1728.
November, 1915, rent $2,083.33, cost per box $.1748.
December, 1915, rent $2,083.33, cost per box $.1857.
January, 1916, rent $2,083.33, cost per box $.1780.
February, 1916, rent $3,046.43, cost per box $.1909.
March, 1916, rent $2,564.88, cost per box $.1770.
April, 1916, rent $2,564.88, cost per box $.1859.
May, 1916, rent $3,010.42, cost per box $.1883.
June, 1916, rent $2,805.15, cost per box $.1885.
July, 1916, rent $2,805.15, cost per box $.1785.
August, 1916, rent $2,805.15, cost per box $.1835.
September, 1916, rent $2,805.15, cost per box $.1882.
October, 1916, rent $2,805.15, cost per box $.1914.
November, 1916, rent $2,805.15, cost per box $.1968.
December, 1916, rent $2,805.15, cost per box $.2022.
January, 1917, rent $2,805.15, cost per box $.1980.
February, 1917, rent $2,805.15, cost per box $.1944.
March, 1917, rent $3,005.15, cost per box $.2078.
April, 1917, rent $3,005.15, cost per box $.2087.
May, 1917, rent $3,005.15, cost per box $.2036.
June, 1917, rent $3,005.15, cost per box $.2099.

452 July, 1917, rent $3,005.15, cost per box $.2242.
August, 1917, rent $3,005.15, cost per box $.2113.
September, 1917, rent $3,005.15, cost per box $.2169.
October, 1917, rent $3,005.15, cost per box $.2174.
November, 1917, rent $3,005.15, cost per box $.2030.
December, 1917, rent $3,005.15, cost per box $.2244.

(2086) January, 1918, rent $3,593.50, cost per box $.2196.
February, 1918, rent $3,593.50, cost per box $.2178.
March, 1918, rent $3,383.50, cost per box $.2270.
April, 1918, rent $3,427.75, cost per box $.2186.
May, 1918, rent $3,427.75, cost per box $.2258.
June, 1918, rent $3,861.66, cost per box $.2329.

453 July, 1918, rent $3,808.62, cost per box, $.2284.
August, 1918, rent $3,808.62, cost per box $.2167.
September, 1918, rent $3,997.37, cost per box $.2458.
October, 1918, rent $3,997.37, cost per box $.2949.

In making up the filed account I used these monthly sheets showing the cost as a general basis. With reference to some items only, if you take the monthly statement of raw material as appearing in the account from July 28th to December 31st inclusive and added them together and then took the percentage of Doublemint sales to the total sales for the same period, you would find the amount of raw material that is charged for in these reports. In the case of chicle that would not hold good with reference to your inquiry because we worked under formulae for different kinds of gum. We know what the formula for each kind is, in other words, we know the exact amount of Mexican chicle, and the exact
454 amount of other grades of chicle, and by knowing the exact cost per pound of the chicle of each grade consumed each month and also knowing the exact amount of chicle that has gone into Doublemint, we figured the costs of that chicle from those actual costs and therefore in the account filed with the Master we did not use the figure as recorded in this book. If we had used the figure recorded in the book, in the accounting before the master, it would have resulted in a disadvantage to the
(2087) Larson Company. I have nothing to do with sales
455 and none of my reports have been made up on the basis of sales. When Mr. Aldrich asked me about getting at the cost of raw material by taking the percentage of Doublemint sales to the total sales for the same period I inferred and assumed that he meant production. There
456 is no question of relative proportion of Doublemint sales to the total sales in any of the items marked on Buck Exhibit B as to manufacturing cost to which I have testified. It has nothing to do with sales, however, as far as the basis of the accounting is concerned. I understand that in the account as filed all Doublemint produced is not accounted for by way of sales, by return to the kettles or given away, but I have nothing to do with any of the accounting outside of getting up factory costs and production. I have the reports or summaries of Double-
457 mint costs at the New York factory during the accounting period similar to the ones that have been marked Buck Exhibits B and G inclusive and I now produce them. The documents were copied into the record under the same arrangement as prior Buck exhibits and were marked Buck Exhibits H to M inclusive.

464 The witness further testified:

There are other very material differences between different brands of gum than the difference in flavor. Clothing is one of the main ones. There is practically no difference but flavor in the three big brands, Spearmint, Juicy Fruit and Doublemint. The other bands carry a different cost because of different proportions of material and different priced material. These costs include probably ten or twelve different brands of gum. What I said yesterday applied to the three principal brands.

465 There are other brands of gum in which there were other material differences. In preparing the manufacturing cost as reported to the Master I took into consid-

(2088) eration those differences with regard to all the different brands so that if some brands used larger quantities of certain materials than other brands I made allowances therefor so as to charge up to the manufacturing cost of Doublemint only for the actual material used therein. When Mr. Aldrich said he understood that at the time of Mr. Buck's first examination he said that the overhead charges such as rents, taxes, etc. were received by Mr. Buck from Mr. Cox at the main office and that Mr. Buck put whatever Mr. Cox directed him to put in, the witness replied that this was correct so far as making up these monthly costs were concerned. The witness also said that Mr. Aldrich was mistaken in saying that he understood Mr. Buck to say that these monthly costs sheets showed the different kinds and amount of gum produced of each kind and the witness said "I am sure I never made any such statement so far as these costs at the factory were concerned. Your (Mr. Aldrich's) ques-

466 tion was with reference to this particular month's cost. When Mr. Aldrich asked the witness for an explanation of the increased costs as shown by the report filed with the Master over the monthly cost as shown by the monthly cost sheets kept in the due course of business, the witness replied: I have not compared the costs and therefore I would not admit without a comparison that the monthly costs as shown on the cost sheets are lower than the costs as reported to the master or to the court, because there are some items which are included in the monthly costs which we have eliminated and others which we have added in making up the report to the court, and

467 furthermore the average costs as shown on the monthly

cost reports include costs of some brands which cost considerably more per box than Doublemint and therefore they would have a tendency of raising the average in here; and on the other hand there are some gums that
(2089) are lower and for that reason I would not dare to make a guess that the condition such as you have named is correct.

468 *Recross Examination by Mr. Mayer.*

The word "costs" as used in Buck Exhibit A headed "Summary Doublemint Costs 1914-1918" refers entirely to what I have described as manufacturing costs. The bottom line of that exhibit, which says that the total cost of Doublemint is $3,757,810.10, refers merely to the manufacturing costs as I have defined it. I would not dare
469 to guess what percentage the gum produced at the Chicago factory other than the three leading brands bears to the total gum produced at that factory. I first became connected with the Wm. Wrigley Jr. Company factory at the time of the incorporation of that Company January 1, 1911. I originated the method of keeping these monthly cost sheets in the manner in which they were kept with one or two exceptions, that is, there was a certain policy pursued with reference to part of the costs that was made outside of my jurisdiction, you might say, by other officers of the Company. I did not file a copy
470 of the monthly cost sheets in arriving at the figures showing manufacturing costs on the report filed with the Master, nor did I in each instance take the figures appearing on the cost sheets. My general plan and purpose was to take from those monthly cost sheets such items as actually represented actual cost of manufacturing Doublemint gum and eliminating such items as appeared on those monthly cost sheets as did not correctly or actu-
477 ally represent cost of manufacturing Doublemint gum. The cost sheets contain recapitulations and, speaking generally, the items that appear therein were items that entered into the book containing the manufacturing costs of gum. Those items were not segregated as to any par-
(2090) ticular brand. In ascertaining the manufacturing cost of Doublemint gum and in preparing the report filed with the Master we had to segregate the items of expense
478 that were applicable exclusively to Doublemint gum, and

we did so, absolutely. My understanding is that the Master desired a report showing the cost of the Doublemint gum and that the report to be filed before the Master was to be itemized so as to show as a separate item, overhead, and as a separate item, advertising, and other separate items including manufacturing cost as a separate item, and that the items headed "Manufacturing cost" on the reports filed with the Master were to be actual and as a result the method that we pursued was to go through our manufacturing cost sheets with a view of seeing what items were there that actually entered into the manufacturing cost of Doublemint gum and what items were there that did not enter into the cost of that
479 brand, and in making the segregation I limited myself in ascertaining the manufacturing cost of Doublemint gum to items that only actually entered into that brand. Speaking generally and merely by way of illustration and referring to the recapitulation on the second sheet of the August, 1914, cost sheet, I included the cost of chicle, sugar, essential oil, glucose, waxed paper, box labels, wrappers, counterbands, boxes, manufacturing expense, miscellaneous purchases (sugar account), confectionery stock, glycerine, factory labor, power and light, returned gum, and a credit for factory sales. I excluded in a general way the items which appear under the headings "foil", "miscellaneous printed matter", "miscellaneous purchases (wrapper account)", "rubber bands". I corrected the administrative expense to actual when
480 it did not appear as actual on the cost sheet. I eliminated ground rent and also the item of $3,000 for chicle interest on the cost sheet. In an arbitrary way we charged
(2091) the factory costs $3,000 per month for an item which we called chicle interest. It did not actually enter into our costs at all, but we were obliged to keep such a large stock of chicle on hand, which meant the tying up of a large amount of capital, that we considered that it was only fair to make the factory costs bear a portion, or its correct portion, of the interest on the amount of money tied up in chicle. We eliminated that item in submitting
481 the manufacturing cost to the court. On the New York factory manufacturing cost sheets we arbitrarily assumed $1,000 per month for interest on chicle, but that item was ignored in preparing the manufacturing cost of Doublemint made in the New York factory as reported

to the Master. Referring further to the recapitulation column on the cost sheet for August, 1914, we eliminated from the report filed with the Master consideration of other items and in the filed report we added items not mentioned in that cost sheet such as in-freight on material, packing and shipping department labor, shipping boxes, etc., factory depreciation, motor truck expense.
(2092) On cost sheet No. 2 covering August, 1914 in report-
482 ing our manufacturing cost to the master, we ignored the following items which appear on the cost sheet for August, 1914: foil $1,610.92, miscellaneous printing matter $2,465.16, miscellaneous purchases (wrapper account) $37.44, rubber bands $176.80. I can't give the correction on administrative expense. The amount on that sheet shows $4,000.00. Ground rent $2,083.33 and chicle interest, $3,000.00. In reporting the manufacturing cost, I included the item of shipping boxes which does not appear on the cost sheets. Those are the boxes and cartons and anything that goes into the packing material. The carton or box in which Doublemint is packed should
483 be charged as a manufacturing cost of Doublemint. The cost sheets as kept each month in the factory did not cover the item of shipping cases. A record of that cost was kept in the down town office of the Wm. Wrigley Jr.
484 Company, but not in any account kept at the factory. That same thing is true with respect to these other items which I mentioned as having added to the manufacturing cost of Doublemint and not shown on the factory cost sheets, as for example, packing and shipping department labor. That is the labor in the shipping department actually paid out for packing the goods ready for shipment. Technically, that is not in the factory, but it is under the same roof and under a different management and not supervised by me. I have subdivided into different departments portions of the same building. I regard the shipping department as a different department so far as pertains to the cost sheets that were kept in
485 my manufacturing department. The item of in-freight on material covers expenditures for freight on factory
(2093) materials. In some instances those charges were
485 made against the factory in the way of a charge but in the majority of cases they were not and where they were included, I included them in the manufacturing cost reported to the master. In order to get that information,

I had to go to the general books of the company kept at its down town office. The item of motor truck expense which I included in the manufacturing cost does not appear on the factory cost sheets. It is the expense of labor covering the men operating the motor trucks etc. Those trucks pick up freight and deliver our finished gum to the railroad stations and also to jobbers and
486 stores here in the city. There is no question that they should properly be reported to the master as part of the manufacturing cost instead of being treated as an overhead expense. I also included in the manufacturing cost reported to the master the item of factory depreciation. That covers the depreciation on machinery, a charge which in my opinion is always considered in strictly figuring factory costs in every large institution. We took into account the depreciation at the end of the year when we made up our general yearly statement. Nothing appeared for that depreciation on our monthly factory cost sheets and that depreciation covered only the depreciation of the machinery and no depreciation on buildings
487 or plant. So far as I know, no items that appear in the manufacturing cost as reported to the master are included in any other item that has been deducted from the receipts of Doublemint gum. The intention in preparing a report for the master was not to include anything in either overhead or any other item of deduction which was included in the manufacturing cost that we reported to the master, and so far as I know that intention was carried out. There were no duplications. It
(2094) would be immaterial whether items were carried in overhead or in manufacturing cotss.

488 *Redirect Examination by Mr. Aldrich.*

In figuring items not appearing on the cost sheets such as overhead, we found out the percentage of Doublemint to the total number of boxes produced, then took that percentage of the total overhead cost and charged it against Doublemint. We have records which show the total number of boxes of Doublemint as well as of other gums produced each month and each day, and the total production of Doublemint can be compiled from records in my office. The cost sheets, which I produced pursuant
489 to Mr. Aldrich's notice and which are in a bound volume,

only show with respect to returned gum, such gum as was unwrapped returned. The factory only assumed the cost of the returned gum as it was unwrapped and thereby put in condition ready to be made into gum again. That is what we call returning to the kettles. The gum that had been wrapped and sent out and then returned would be registered in the main office records but when it is returned to the factory proper, it would be recorded in the factory, but when it is first returned, it goes into the shipping department. We have no record of that until it is finally delivered to the factory. I have nothing to do with the shipping department. Gum which has been shipped out and returned again appears in my branch of the business after it goes through the kettles
490 and is produced again in the form of new gum. I have a record of gum that comes back and is returned to the kettles. It appears on our cost sheets here. All gum that goes to the kettles appears on the cost sheets. Gum that has been sent out and has been returned in a condition fit for resale goes to the sales rooms and does not
(2095) come to my room. I cannot testify as to a record
491 of such returned gum because I have nothing to do with the shipping department. There is a record at hand of all gum that has been produced, including Doublemint.

Re-recross Examination by Mr. Mayer.

Speaking generally and not referring now particularly to the month of August, 1914, we carried an item on our monthly factory cost sheets called administrative expense. In determining the manufacturing cost reported to the master, I adjusted that item to the proper amount if I found it did not represent the actual administrative
492 expense, whether it was higher or lower. The item "administrative expense" covered salaries of officers whose duties pertained to the production end of the business and who were devoting their time to the manufacturing or production end. So far as I know, no part of such salaries charged to the manufacturing end was included in overhead. The basis on which I apportioned the factory overhead expenses was in accordance with the proportion of Doublemint gum produced at the factory compared to the total production of all brands of gum. The
493 Doublemint gum shipped to France was in uniform pack-

ages, five sticks to a package, provided each five sticks were banded. I don't remember the details as to whether shipments were made in Japan and France consisting of single sticks. It is under my supervision. I am not a member of the Board of Directors of the Wm. Wrigley Jr. Company.

(2096) WILLIAM H. STANLEY, on direct examination by
494 Mr. Aldrich, testified:

I reside in Chicago and am Secretary of the Wrigley Company and have been associated with that Company since April, 1914. At first I was the exclusive dealer of the Wrigley products in France. I was then abroad. I came here to get the agency in May, 1914. I was not connected with the Company prior to April, 1914. I was abroad in connection with my representation of the Wrigley Company in France from April, 1914, to sometime in June, and from July 4 until about September 25, 1914. On arriving in Chicago I became assistant to the
495 president, having to do particularly with the selling end. Since I have been here I have been connected with the advertising department of the Wrigley Company. I became secretary of the Company January 5, 1916. I am not a director or a member of any committee of the Wrigley Company. Referring to the report filed with the Master, I devoted particular attention to the sales item. I made the computation of the total manufacturing cost, which is simply the multiplication of the number of boxes sold by the factory cost price given by Mr. Buck. I further got up the particulars of the item of advertising chargeable to Doublemint. Moreover I calculated the proportionate amount paid for U. P. S. coupons and the proportionate contingent liability for unredeemed Doublemint U. P. S. coupons, and I also looked into and established the item of printing the United Profits Sharing coupons. In answer to Mr. Aldrich's questions the witness said: We have not used in the compilation of the sales the amount of gum produced. The amount of sales is arrived at by taking the number of boxes of Doublemint gum given on the records made by the factory department under Mr. Buck which are delivered to
(2097) the shipping department. That goes on the assumption that all gum delivered to the shipping department is

497 disposed of. We have adopted the method of arriving at the amount received for the gum by examining every sheet over the whole period of Doublemint sales in foreign trade, of Doublemint sales made to customers at less than list price. By list price I mean jobbers' list price current during the respective periods, and by then taking the remainder after the deduction of the various items given away and returned to kettles, and so forth, at the current list price. The notes of the examination of the sales sheets have been preserved and are accessible. We kept no journal or ledger accounts of the sales of gum as to brands or flavors. We did not have in the sales department the total number of boxes of Doublemint produced. Those figures are kept by Mr. Buck. The gum is delivered in boxes according to its
498 kind and the sales department gives a receipt for each kind and one sheet as signed by the sales department also went to the administrative office. I could not say without a comparison of the total given on those sheets with the total as kept in Mr. Buck's department as to whether those sheets showed the total gum produced. I have no reason to think that there was any difference between those sheets as kept in Mr. Buck's department and the receipts given by the sales department to Mr. Buck except slight clerical errors which might creep in in any big business. As far as I understand, the production figures of the different brands is entirely a matter which concerns Mr. Buck. As to the sales end, the production figures of the different brands do not interest us very much as our books have only been kept on the total number of boxes sold, not as to brands, but as to all brands which at the end of the month have been com-
499 pared as to the total of all brands with the total of all
(2098) brands produced at the factory. I should presume that Mr. Buck's factory record showed the total of all gum produced although I have never seen it and I have no reason to doubt that it does. All gum produced by Mr. Buck of every kind is delivered to the sales department, with the slight losses as Mr. Buck has heretofore explained. The gum does not usually go out of the factory department into the sales department before the receipt of orders from customers. Approximately as rapidly as the gum is wrapped and boxed it is delivered
500 to the shipping department. By "approximately" I

mean that one day it might be so and another day it might not be so. The storage is not to any extent in the manufacturing department.

Mr. Buck, in answer to Mr. Aldrich's request for the facts, then said that as the gum is delivered from the factory to the shipping department a permanent rec-
501 ord is made of that delivery and a receipt obtained for those deliveries, but I have not said and it neither is the case, nor is it true that as soon as the gum was manufactured and boxed it was delivered to the shipping department. The stock of gum at our 35th Street place, that is, the main stock of gum is kept in the factory and is only delivered to the shipping department as they need it, and they receipt for it.

MR. STANLEY then continued his direct examination by Mr. Aldrich:

Between the gum receipted for by the shipping department and the stock on hand and Mr. Buck's production record there is a way of checking the total of all gum manufactured at all times, and the total of the different kinds of gum that has been manufactured was available in the same way and by checking the gum on hand undelivered and in the store rooms we would know what gum of this total that had been manufactured had not been sold, if we had kept the stock on hand at the
(2099) end of the year by brand absolutely. The stock on hand at the end of the year was not kept by brand.
502 Without referring to the books I cannot say what amount of gum we had on hand ready for delivery at the time the accounting period commenced. I know that the aim is to manufacture the gum about as it is sold so that it will not become old. I was not in the United States when the sale of Doublemint commenced and when in August it was put on the market in a commercial way, and for that reason I am not perfectly acquainted as to whether there were large stocks on hand or how it was managed.
503 The necessity for going over the sales sheets in making up the filed account, from an accountancy standpoint, was to find out what was received for the gum. Furthermore to find out how the gum was disposed of. There might be, under circumstances, great thefts of gum which would only be discovered by an auditor on an examina-

tion of the various sheets. Principally our idea in going over sales sheets, and we went through them all, was to find out the amounts we had received for Doublemint gum which differed during the periods under review from the standard sale price of the various periods. That was nowhere else available. We journalize sales in so far as a recapitulation at the end of the day is concerned but
504 not the brands. The sale of gum is followed by the order of a customer. The customer's order specifies the brand and this brand and the customer's requirements are entered on a sales sheet of which various copies are made. These sheets or part of them go to the factory shipping department which gives the designation of the gums shipped out to that customer as per the sales sheets. Some of the sales sheets embrace more than one kind of gum. The sales sheet shows the price and the name and address of the customer, the terms of payment, the
(2100) route of shipment, the quantity of gum shipped and
505 the brands, the total amounts, the gross total and below a recapitulation of the total number of boxes shipped on that invoice or charge sheet, whether there are various items or only one item, it is recapitulated at the bottom. All that is done by the sales department. At Mr. Aldrich's request the witness said he would bring a specimen of those sales sheets with him the following day.

Mr. James Hall, who had been appointed by the Master as accountant, appeared and made some general statements about the amount of work that appeared to him necessary for him to do.

506 December 28, 1918.

WILLIAM HENRY STANLEY'S direct examination by Mr. Aldrich, continued:

I have handed you, Mr. Aldrich, eighteen sheets of paper which are six triplicate copies of invoices of the sale of goods by the Wm. Wrigley Jr. Company to Plunkett-Jarrell Grocery Company at Little Rock, Arkansas. They are made out when it has been determined that a sale is to be made. One of the triplicate copies is
507 yellow, another pink, and another white. The yellow and pink are sent to the shipping department which retains

the pink one. It is headed "Shipping department record". The yellow one which is headed "Original Charge Sheet" is returned from the shipping department when the order is filled and despatched to the main office. The white one, which is headed "Invoice", is retained in the main office all the time until despatched, after receipt of the original charge sheet from the shipping department, to the customer. These papers are originally made up
508 in the main office upon receipt of the order. One of the papers goes to the shipping department records for the purpose of preserving a record of what has gone out of
(2101) the factory. I am not acquainted with the exact procedure which takes place over at the shipping department. I note that the yellow sheet marked "Original Charge Sheet" comes back from the shipping department with the notation in the left-hand corner as to packing and I believe a serial number. There is a serial number on the three sheets. On one of the sheets the number is under the head of the printed words "Binder Folio". The binder is kept in the main office. Accepted orders are given numbers in rotation as they are filed.
509 The aggregate total of the number of boxes is placed on the sheets in the main office. There is another serial number on these sheets which, I think, is a check. I do not know just where it is put on. Mr. Eckerly will be more competent to give that information. I believe its significance is for the checking of the shipments that go out from the shipping department.

510 EDWARD W. ECKERLY, on direct examination by Mr. Aldrich, testified:

We put a registered number on every sheet that goes over consecutively to the shipping department and that sheet is watched and traced through until that sheet returns with that number and the registry number cancelled and shows that the sheet is put on the charge binder and properly billed to the party who is named on the upper three lines of the sheet. The number is put on in the sales departhment before the sheet leaves for the shipping department. When the order has been filled, the number is checked against a number corresponding with that the registry book. The registry book

contains numbers consecutively put down on a sheet and after the sheet comes back bearing that number a date it put opposite the number in the book indicating the date of filling the order to show us immediately where to look for that sheet in case we thought it was lost or something
(2102) like that. The number on the sheet is also very handy
511 in checking the invoice when it is pulled out of the cabinet to correspond with that sheet so as to be sure that the wrong invoice is not mailed to the customer for that particular shipment. Some jobbers have some five to six different shipments going through at the same time. We don't keep any permanent record of the invoices which are the white sheets. The numbers on the yellow
512 sheets are all on the sales binder. There are other records in the office showing that the order has been filled. The sheet is posted to the binder, which is known in our office as the sales ledger, as referred to in the upper right hand corner of the sheet. The sales ledger contains just credits and debits the same as an ordinary sales ledger. It would show the name of the firm and the amount of the invoice in dollars and when it was paid or that it was not paid, and it would also show the binder folio number to show that the sheet was on the binder in a particular place, and you could put your hands on it immediately by referring to the binder. That account would not show the items that composed it but merely the dollars and cents that appear as a total on the sheet. To tell what was sold to the customer, you must refer to the original charge sheet on the binder. Noth-
513 ing like the brand appears on the sales ledger, and the only place that you could get the brand would be from the sales or original charge sheet. The pink copy is kept in the shipping department and the number on it is helpful for identification purposes. The pink sheets are only kept over there probably a year or a year and a half and then destroyed because we don't have any more use for them. We keep the originals indefinitely. A set
(2103) of these sheets consisting of the yellow sheet entitled
514 "Original Charge Sheet", a pink sheet entitled "Shipping Department Record", and a white sheet entitled "Invoice" were offered by Mr. Aldrich and received in evidence as Larson Exhibit 20.

516 Mr. Eckerly continued: We also have a triplicate set

of sheets reading "F. O. B. Chicago." The original sheet is green. The second sheet pink and the invoice white. This green colored sheet is used when we ship freight collect from Chicago, but practically represents in every way what the yellow sheet does as explained by me today. We also use the green sheet when shipping to customers the balance of chewing gum to them on due bills where the customer is obliged to pay his own transportation charges on these subsequent shipments. Whenever the freight is paid by the buyer, the green sheet is used.

517 WM. H. STANLEY, on further direct examination by Mr. Aldrich, testified:

I testified yesterday that the journal and ledger contained no record of the different kinds of gum sold. It is on that basis that I contend it was necessary to examine the different sales slips for the purpose of ascertaining what proportion of the total gum sold was Doublemint and what belonged to other classes of gum. A particular reason for examining the sales sheets was to find out what we received for Doublemint gum. Usually the Doublemint and Spearmint gum were sold at the same
518 price. The standard or jobber's price of Doublemint, Spearmint and Juicy Fruit varied from time to time and ranged in the period under discussion from forty-eight to fifty-five cents per box, without discount. The difficulty, having ascertained from the sales department and the factory the total amount of all brands of gum produced, and knowing the standard price, to have ascer-
(2104) tained the total amount we received for them,—would have arisen of prejudging a standard price for all sales, which is not the case. We knew the price of all other gums that we were selling and the amounts produced. Our ledger account showed the total amount that we had received for all gums and merchandise. The factory re-
519 ords show the total amount of all brands produced at the
520 Chicago and Brooklyn factories. To obtain the total amount received for gum would necessitate a dissection of the accounts showing exactly the amount received for merchandise otherwise than gum. That brings in the question of premiums or merchandise other than gum sold in connection with gum. I have not one of the pre-

mium books here with me. The method used in selling
521 merchandise with gum is that an offer is published, made known, that a certain amount of chewing gum, which is specified in that offer by quantity and maybe by name, combined with some article of merchandise, such as a desk or a clock or similar articles, can be purchased for a given amount under certain terms with regard to the payment of freight, and a given amount of money is named in that offer, in bulk; there is no separate charge. The premium book which you (Mr. Aldrich) mentioned a few minutes ago contains the majority of the offers to which I referred although I believe that there are special offers published from time to time in the way of circulars. I have none of those circulars here. We have
522 them in the files at our office. Mr. Eckerly is more competent to answer about that. It is under his department. We keep a merchandise account. It shows the purchases and the amount of the purchases which have already been disposed of. I believe Mr. Eckerly has accounted for the profit made on merchandise in reference to this accounting in a very thorough manner by showing through the various periods the profits or losses that have been
(2105) made respectively on that part of the business proportionately to the amount of Doublemint put out. In accounting for the gum that accompanied the sale of merchandise, we have accounted for it at the standard price in every instance. The record that is kept as to the gum that accompanies the merchandise is on the charge sheets, samples of which I produced this morning. There was
523 no merchandise account kept showing all sums paid for merchandise and a credit of all sums received from merchandise. We ascertained whether the merchandise account aside from gum was profitable or unprofitable only by dissection. There was no other record kept anywhere of that matter. In making the accounting, we did not make a tabulation showing the amount of gum which had been sold through the sale of accompanying merchandise.
524 I have not preserved and never had any sheets showing the analysis of the sales account. I have the sheets in my possession showing the computations of the sales of Wrigley's Doublemint, which is very different. These are my working sheets (producing papers). When we were preparing this account, we proceeded on what we

considered the shortest method that could be arrived at within the time at our disposal to be accurate, by taking
525 the figures given on the factory delivery sheets to the shipping department. That gum was delivered from the factory to the shipping department and must have been disposed of some way or other when it was received there. It was either disposed of by being returned to kettles, that may have happened, and with an intervening break it may have been in the jobber's hands in the meantime, it may have been used for donations to churches, for advertising purposes, for sampling purposes, in return for war tax rebate certificates. With those deductions the rest we deduced must be sold. We have treated them
(2106) as sales. The returns to the kettles are not marked
525 in the factory sheets from month to month. My understanding of that is that a separate sheet is sent over from the shipping department to the factory just as an exchange of sheets is made when the factory delivers to the shipping department and they are receipted for. Referring to Mr. Aldrich's statement that he observed on some of the monthly production and cost sheets that were examined yesterday the notation of certain gum returned to the kettles, the witness said: I think that is a notation of the material contained in that gum which is returned to the kettles which would be a charge of the factory again against the material account as the material account would already have been credited with the
256 amount of materials used in that gum when it went out from the factory, therefore the returned goods would have a debit charge against the material account when it went back again. That was to prevent charging more for material than actually went into the final output. The examination of the sales sheets necessitated so far as I remember during certain periods some thirty or forty men. I think Mr. Eckerly has the exact details of just how many men were working, but I know there was a large number. I am referring to the time when the report was being prepared and the work necessary to file it within the time which was fixed. The summary of what was picked out of these sales sheets was reported to me from time to time on various forms, sometimes stretching over as many as you see here, which is one file, 100
527 sheets. I have the majority of them here. I have not

brought all the working sheets. They are rather voluminous but they are kept and are available and would be available to an accountant who was examining our books.
(2107) I can show you a sample tabulation sheet which gives very clearly the method used by us to show the way we arrived at the final figures. You can see that sheet. I have no duplicate of it. Those are the sheets that connect up my testimony with Mr. Buck's. Mr. Buck testified to the amount that was wrapped or produced and then, as he has already testified, I, taking those figures as accurate, reported it all as sold to the master excepting the deductions of the items that he has enumerated.

528 NELSON L. BUCK was recalled and when asked by Mr. Mayer whether that is his understanding also, said:

I do not understand that I have testified to the exact quantity of Doublemint produced at the factory.

Mr. Buck, being then further examined by Mr.
529 Mayer, testified: I have summaries but not the details which correctly show the total output of the various factories operated by the Wm. Wrigley Jr. Company of Doublemint gum during the entire period for which I did account as covering the Doublemint gum wrapped in the enjoined dress and in the various dresses which I have described; the gross production is 18,016,626 boxes and the net pro-
531 duction 17,961,922 boxes. I wish to call the court's attention also to Buck Exhibit G. The second line of this report reads as follows: "August 26th—October 4th." This caption would naturally indicate that all of the data following pertains to the period covered by these dates. Such is not the case as the data given in the next to the last line of the report which reads "Cost of 523,293 boxes —$131,053.39" represents the amount of gum and value of all Doublemint gum produced at the Chicago plant with green ends from August 26th to November 12th,
532 1918. I used the word "value." I meant manufacturing cost. I meant that the information on that particular sheet includes only the total as named. The account
(2108) filed with the master covers not only the Doublemint gum with green ends but also the Doublemint gum with white ends as explained in my testimony. In all cases

the white ends were covered in the five-stick package by a green sealed paper around the white ends. That left it with a green end in a five-stick package. In my gross figures, I accounted for some of the stuff that was sold as single stick without the package, so that statement here would not be absolutely right. We did not account for a sale that was made up in the single stick, that is, not sold through vending machines, and which was not
533 put up in five-stick packages. In compiling my costs I was unable to separate the individual manufacturing costs of the wide tab Doublemint and also of the single-stick Doublemint. For that reason I had to first arrive at the gross production and then by taking our shipping sheets I was able to deduct the quantity of wide tab and single-stick, which we had sold for vending machine purposes, from that gross figure. I would not say the net figure represents the Doublemint that had been sold in the enjoined dress because some of the gum has been given away and some of it has been used for advertising.
534 The deductions on account of returning to kettles and giving away, for which no price was received etc. are included in these net figures of production which I gave this morning. I would like to make further explanation. On Buck Exhibit G I call your attention to the second line from the bottom which reads "Cost of 523,293 boxes —$131,053.39." For matter of record an explanation qualifying what these 523,293 boxes represented in my opinion should be on this report, and if the wording as used on a similar report covering the Brooklyn factory for the same period and marked Buck Exhibit M were used and added to it, I think it would entirely clear up the report. Those words are "boxes produced and sold August 26 to elimination of green ends." In other words,
(2109) the 523,293 boxes indicated on Buck Exhibit G are intended to refer to the production at the Chicago factory from August 26, 1918 to the elimination of the green ends.
535 The figures which I used in making up the reports of depreciation I received from James Gill who also gave me the figures as to motor truck expense, shipping department labor, shipping boxes, cases, etc., and also the in-freight.

536 *Cross-Examination by Mr. Mayer.*

A box of twenty packages is the unit on which our work is done. The fact that some boxes contained 21 packages would only make a slight change of a few hundred boxes. Mr. Aldrich then said that he is making no point of that.

537 WM. H. STANLEY, on further Direct Examination by Mr. Aldrich, testified:

I have handed you (Mr. Aldrich) sheets showing the "method of arriving at sales of Wrigley's Doublemint in boxes and dollars" for various periods during the accounting period. If there was a broken price in the year, there would be two statements for that year because the first period would carry up to the time when we raised the price and the second period would show the increased
538 price or sales price per box. All the sheets are arranged in the same way as to showing the gum given away, the war tax rebate certificates given away for those, donations, advertising samples, campaigns, and so forth, and they reach a balance after making certain deductions of the total number of boxes sold and of the total sales prices. There is a difference between sales price and the receipts. You have to take off discount in some way to
539 get receipts. The language on those sheets which refer to the "Value of sales of Doublemint" means the amount charged on invoices to customers covering the number of boxes accounted for in the period. I did not testify that
(2110) the prices given on the sales sheets were net prices and did not have any discounts attached to them. There was a cash discount and in some instances a trade discount. The cash discount for paying in a certain time is deducted from these figures and was deducted in making up our final accounting. I am not able to state what the total discounts were which were so deducted. That is one of the items which comes into what we call an over-
540 head charge. It has been taken off the sales to show on the credit side of the balance sheet the net amount received for the sales. I am speaking of the 2% discount. The cash discounts off the prices shown on these sheets are items of overhead. It may be two per cent or three per cent. It sometimes varies. We have not deducted on these sheets the foreign sales but have just carried

out the amount received for foreign sales because the prices in those instances differ considerably from the prices in the U. S. A. In some instances they are higher.
541 In most cases lower. The foreign sales on these sheets refer to boxes and they are so headed. Referring to the sheet showing the "Method of arriving at sales of Wrigley's Doublemint in boxes and dollars" from November 1, 1917 to December 31, 1917 (Larson Exhibit 21-I), the witness when asked by Mr. Aldrich if the "balance 578,-035" shown on that particular sheet does not show a deduction of the foreign boxes, said: It only shows a deduction in so far as the computation of the sales value of the goods is concerned. The amount mentioned for foreign sales is deducted and the sales value thereof is put on one side. The sales values of the various items when deducted in this way are added up and the balance from which we started to make these computations disposes of the whole number of boxes on that sheet from
542 that point. The accounting that we rendered to the court includes all the sales wherever made and in whatever
(2111) country, of Doublemint in the dress as noted in the
543 decree and as manufactured by the Toronto factory to the date of the organization of that company and as manufactured by the Chicago and Brooklyn factories and also in the dress as changed commencing August 26, 1918. All of these sheets, being summaries of the result of the examination of the sales sheets, will be available for the chartered accountant appointed by the court. At Mr. Mayer's suggestion, Mr. Aldrich offers all these sheets in evidence and they were received in evidence as
545- Larson Exhibit 21, A to J, inclusive, being ten in number.
554 Those exhibits show separately and in detail the number of boxes of Doublemint delivered from the factory in Toronto between July 28, 1914 and December 31, 1915, less returns from shipping department to factory, less the number of boxes given away, respectively, as donations and for advertising and for sampling campaigns, and the balance sold and the prices received therefor, and the number of boxes sold at the several prices, and the total sales prices; and said exhibits give similar detailed information with regard to the number of Doublemint boxes delivered from the Chicago and Brooklyn factories, respectively, to their respective shipping departments, and the returns from the shipping depart-

ments to the factories and the number of boxes given away respectively for war tax rebate certificates and for donations and for advertising, sampling campaigns, and the number sold during various specified periods of time from July 28, 1914 to August 24, 1918, and also the number of boxes sold in foreign trade and the prices received therefor and those sold in Continental U. S. A. and the prices received therefor, and the total selling prices of Doublemint sold in the enjoined wrappers during said periods of time cov-
555 ering the entire accounting period. There having been handed to Mr. Aldrich at his request the documents pertaining to overhead which Mr. Paine had with him at
(2112) a prior hearing, the witness, Mr. Stanley, further testified in answer to Mr. Aldrich's questions: This statement of overhead was made up by Mr. Paine. I did not get the items of overhead. Mr. Paine has entire charge of that. The directions to prepare the statement in conjunction with the accounting statement for the court were given to Mr. Paine in writing by me, but the statement showing the items contained in the overhead were prepared by Mr. Paine. Those items were derived from the
556 private or general ledger. In bookkeeping terms, the one is a name for the other. I use the names interchangeably. I will refer to it as the private ledger because that is the name it goes by with us. It is a book into which the final total of the various departments and expenses and income with the profit and loss statement is carried from the balance sheet and the result of the business is obtained. The ledger is balanced from month to month as regards its correctness, but entries are made in it daily. The accounts with customers are kept in very
557 voluminous ledgers. The only journal that we keep is what we call a journal or entries from accounts for which we have no records. By that I mean we have no journal that we can show. A cross entry in a book would necessitate a journal entry. In the old fashioned sense of the word "journal" we don't have one, that is, where every sales entry is entered up by hand, sold to John Brown, credit merchandise. We keep track of that by a recapitulation sheet which is made up every day which contains a total of the sales and which is carried into the private ledger and replaces thereby the old fashioned journal. That recapitulation gives the binder folio and the total in

dollars and cents on that charge. I am not a trained accountant. I have experience and proof of proficiency in
558 accounting. I have never specifically taken any course in accounting but at schools in England in which account-
(2113) ing was included; to be more specific, the Chartered Institute of Secretaries, of which the head office is located in London,—in 1903. I qualified as an associate member by examination which means that when they received the Royal Charter of Incorporation, persons were allowed to become members by reason of proficiency and by having been in the business for a certain number of years as practicing secretaries. After a certain period of study, examinations were forced upon members that came in after this charter had been granted and so I was exam-
559 ined and passed an examination. The items that go to make up the debit side of these statements of overhead during the different periods do not appear on the ledger as they are given on the statements produced here, because our ledgers show the gross amount over the whole business of any particular item, whereas, for the accounting now before us these items have been worked out on a percentage basis. They have been segregated as to Doublemint in comparison with all sales. A gross item is given on each of the statements filed with the master showing the amount of overhead which we have taken over the whole business and also the percentage we have computed as chargeable to Doublemint. That percentage
560 was based upon the percentage to the total sales of all gum. The percentage used in the accounting as presented to the master was obtained by taking the amount of the Doublemint sales and dividing it into the amount of all sales, whether chewing gum or merchandise. All sales in the accounting are not limited to sales of gum. The private ledger did not show the sales of merchandise
561 and we have not segregated them from the rest of the sales. We have only segregated from the total sales the Doublemint sales. The proportion is arrived at by taking the Doublemint sales as that bears to the total sales of all goods, either chewing gum or merchandise. Page
(2114) 8 of the account filed with the master and which page is entitled "Statement of percentage of amount of Doublemint Sales to Amount of all Sales" shows in column 1 the total of all sales including the gum we manufactured and the merchandise we have disposed of. Column 2

gives the Doublemint sales and Column 3 the percentage
562 of Doublemint to all sales. That is true also of the supplementary report which we made. We pursued the same methods all the way through our account. I would not like to commit myself exactly on the question as to whether we have at any place any data available to show what amount of merchandise is included in these sales because Mr. Eckerly has had that under review and I refer you to him. I will have to refer you to Mr. Eckerly for the information on page 30 of the account filed with the master and entitled "Profit and Loss Statement of merchandise sold with Doublemint from Jan. 2, 1915 to Oct. 4, 1918, both dates inclusive," as I had absolutely
563 nothing to do with that. I believe, to correctly arrive at that item, the sales sheets would have to be gone over. That sheet was prepared in its entirety practically by Mr. Eckerly and his assistants and was handed in with the other final sheets when the total accounts came from the various sources.

EDWARD W. ECKERLY was then further examined by Mr. Aldrich and testified as follows:

Page 30 of the supplemental report filed with the mas-
564 ter was prepared with the balance of the work at the time the statement was put in. The list of merchandise was taken from a record of the number of different items of merchandise shipped each month. We have a record showing that. That names the articles such as a clock, a desk or whatever the merchandise happens to be. We can tell what item of merchandise was shipped because the books or records are headed and show what the item is that has been shipped, by both number and name. As
(2115) an illustration, 1 No. 1032 Roll Top Desk would indi-
cate the number of item of the merchandise as well as the
565 name, and all bear a number. The record that I referred to has nothing else on it excepting the total number of items shipped. It has nothing about gum on it. The "drop shipment" offers, as we call them, are sold as a combination offer. They include merchandise and gum. The offer as listed in our catalogue shows that the item of merchandise is quoted with a certain number of boxes of gum at a certain gross price to the dealer. We ask or list to the retailer a complete offer at a certain list price

in our catalog, but the jobber, through whom it is charged, receives fifteen per cent trade discount, and the net amount, subject to two per cent cash discount, appears on the charge sheet that is posted in our ledger. That
566 charge sheet shows the merchandise, the different brands of chewing gum, the list price, the discount, the net price, and then the terms, 2% cash discount, printed on the invoice, and on the lower part will show where the offer is shipped to. Those charge sheets are kept on the same binders as described throughout this case with the other sheets representing the sales of straight brands to the jobbers for stock. In making up this account we did not segregate the merchandise sales from each individual sheet. As explained a few minutes ago we have a list
567 showing the total number of merchandise items shipped, and to arrive at the cost of the merchandise we took the total number of each item of merchandise during the periods,—the way our statement is presented to the court,—and we then referred to a similar record, or it might be to the same record, for the cost of that merchandise, and in making up the statement referred to, being page 30 of
(2116) the supplemental report filed with the master, we are only making a deduction for the actual cost of the pre-
568 miums on merchandise, as they are called. The order that would come to us from a jobber or a customer would be entered on a charge sheet identically the same as an order for straight brands of chewing gum, the same as the sample sheet submitted, only that the reading would differ—calling for 1 Wrigley's Drop Shipment Offer, specifying the articles, the different brands of chewing gum shipped with the article, and then, as stated before, the list price, discount and further details. The entering of an order for a drop shipment offer constitutes more work than entering an order for straight brands, that is, the work on the sheet. I have no sample of such sheets with me but will gladly bring them in. By "straight brands" I mean when brands or boxes of chewing gum
569 are shipped without merchandise. A drop shipment offer in the sense that we use it, is a combination offer. For illustration, a roll top desk offered with a certain number of boxes or brands of chewing gum at a retail price to the retailer shipped from our factory freight prepaid through a jobber, and on the original charge sheet the jobber is allowed 15% trade discount, which, I

believe, is the trade discount that has been in effect for some time. The trade discount is applicable to the total price paid for both the gum and the merchandise. The 15% trade discount is deducted from the sheet and the invoice sent to the jobber from the list price of the offer in our catalog. The offer is the sale of a certain number of boxes of gum plus a certain specified article of merchandise for a single stated price. I don't know as we over paid any particular attention to the point of whether
(2117) the offer was of merchandise with so much gum, or
570 of so much gum with merchandise, because it has always been that it is an offer sold at a certain price. The item of merchandise was used in a great many cases to help get the gum on the counter of the dealer so as to help the sale of the Wrigley brands. I have always thought that "premium" meant something for nothing, for the saving of coupons, or something like that, but by referring to all of our catalogs, circulars and special folders, you will find that we have always charged more for a drop shipment offer than the straight price per box that the dealer could purchase our brands for. We have always charged for the merchandise that was given with the gum, and, as stated before, we have figured that in selling the combination offer, we were helping the sale
571 of the gum. The merchandise was treated as incidental to the gum. The invoices of the merchandise purchased would be posted in our purchase ledger under the name of the firm from whom we were ordering. The record I referred to is from a different department or desk in the office who happens to be keeping a record and has been doing that for some time past of the different items shipped so as to help him in ordering certain quantities when he wanted to replenish his stock. I would say those books are kept in my department, although I don't do any work on them. We have kept the memoranda necessary to prepare page 30 of the filed account and I will produce it.

Cross-Examination by Mr. Mayer.

572 We did not sell any merchandise or premium goods separate and apart from gum. They were sold as combination offers. We were not in the business of selling desks and clocks and such articles as we sold in conjunc-

tion with gum. Our sales of what I call merchandise were exclusively in conjunction with sales of gum.

(2118) WILLIAM HENRY STANLEY, on further dir.
573 examination by Mr. Aldrich, testified:

Mr. Aldrich offers and there were received in evidence
574-579 as Larson Exhibit 22-A to F, statements showing the general expenses during the accounting period and showing the character and amounts of the various debits
580 and credits. The witness then said that Mr. Paine would know how the items of overhead were arrived at and Mr. Mayer said that Mr. Paine would be available at any proper time. The witness, Mr. Stanley, was then asked by Mr. Aldrich as to the item appearing on Larson Exhibit 22-A and reading: "Depreciation on Buildings, year 1914, is $44,555.84-5/12, $18,564.90". The witness said I would rather not give an opinion as to what that item is as I have no idea just now what it is and, as before stated, Mr. Paine would be more competent. Mr.
581 Aldrich then said that he would infer from the item that 5/12 of the item $44,555.84, an item shown to be depreciation on factory buildings for the period named, was charged to Doublemint, making a total of $18,564.90, and the witness replied that that could be qualified by saying that five-twelfths, referring to August, September, October, November and December, of the amount of depreciation on buildings, which is $44555.84 which equals $18,564.90, has been taken as an overhead charge of which Doublemint has been charged with a proportion only, and that this item entered into the total overhead for the five months covered by the report. I believe the item of depreciation on buildings has been deducted from the interest on capital stock, but put into the item on the
582 debit side of the statement under "Overhead". I do not see that that item is included in the other periods covered by Larson Exhibit 22-B to F, but I cannot account for its presence or absence on any one sheet. I will have to
(2119) refer you to Mr. Paine for an explanation of the item on Larson Exhibit 22-E of depreciation on office furniture and fixtures, eight months, $2,455.36. The purpose of the charge of depreciation is to cover the amount which should be set aside so that after a lapse of years

the item which is depreciated can be replenished from the funds which are set aside for the depreciation. De-
583 preciation should also cover the actual loss which buildings, machinery, plant or fixtures suffer by reason of use or age. The rate of depreciation taken in this case has been that which the Government allows in its returns on income tax statements. Without committing myself definitely to the rate used here in this account, because that falls directly under Mr. J. C. Cox's supervision, I believe the rate used has been five per cent on buildings and ten per cent on machinery. The Government allows per year a certain item for depreciation on machinery; in certain classes of business there is a fixed item; on a business where machines are used up very much quicker there is a larger item, and so forth. That is for the purpose of making tax returns to the Government. Mr. Aldrich then asked if there is not deducted or set aside in the corporate management a sum to cover that depreciation so that when this obsolescence has gone on to the point where the machinery is not 70% or more effective
584 that there would be a fund to replace it. The witness said: Our accounts on our general ledger are so handled.

Under the item of advertising, which has been charged to Doublemint in the filed account, we included street cars, bill boards, illuminated bulletins, illuminated posters, electric signs, cut-outs, window displays, metal signs, calendars, street car cards, the necessary adjuncts of the different items. When I say "posters" I intend that to cover the cost of printing posters and the space on
(2120) which they are put and the charge to make them. We have nothing to do with the labor of erecting boards as we do not participate in the various advertising branches in any way whatsoever. In other words we give a contract for bill posting, we sublet that to a firm who tends to all the details; our work consists in telling them where we want the advertising, preparing in most cases the
585 design we want to go on, in ordering the paper which is to cover that with the design on, and the distribution. Beyond that the firm who gets the contract for the advertising takes care of the matter. At present the bill posting is given to the Poster Advertising Company. A solicitor of the Poster Advertising Company is Charles

W. Wrigley, a brother of William Wrigley Jr. I am unable to say whether Charles W. Wrigley has any interest in the Poster Advertising Company, but I don't think he has any more than his emolument received for services. William Wrigley Jr. has absolutely no connection whatsoever with any advertising concern. James T. Downey has no connection with that Poster Advertising Company. He is the president of the National Railways Company in Chicago, which is an advertising company, and is no more connected with us than any other firm, person or agency from whom we buy advertising material, or
586 space. William Wrigley Jr. is not associated with him in any way in the advertising business. The Wm. Wrig-
587 ley Jr. Company does not make an annual appropriation for advertising. Generally, towards the latter end of each year I prepare, based on past experience, for Mr. Wrigley what I call a budget for the coming year of the amounts, the approximate amounts, we shall spend or we would be limited to spend for the various items of advertising. This budget is either passed or opposed by Mr. Wrigley, or altered according to his wishes. It serves as no fixed budget, it is just as elastic as if it never ex-
(2121) isted. That budget is prepared upon the economic condition of the country, the economic possibilities of an increase of sales or otherwise. My budget has been altered on every occasion, as they are on memos; they are only kept for a certain time for a guidance to remind me of what Mr. Wrigley's purpose is in the advertising. In the last analysis Mr. Wrigley controls the amount of expense for advertising. Mr. Wrigley has authority some-
588 times from the Board of Directors. A fixed appropria-
590 tion for advertising is not made by the Board of Directors, but the Board are usually informed of the method Mr. Wrigley intends to pursue with regard to advertising until a given period is passed. The other officers of the corporation are also consulted in their various departments as to what is necessary. For instance, advertising might include such an item as calendars which would be put out to jobbers, on which I would only be a secondary party to the consultation, the party coming chiefly into consideration there would be Mr. Eckerly as connected more directly with the jobbers. In a subsidiary way I would probably be requested to get up de-

signs, order the backs for them. In other cases advertising might be done and we committed for without my knowing, such as, for instance, New York. Mr. Wrigley would go down to New York and consult our vice-president there and give an order for advertising about which I would only know after the formal contract came in. In other words, these are all items which are not fixed by
591 any special official action. There is no fixed, immovable or unchangeable rule for advertising. I have not before me the tabulation of the total amounts spent from July until December 31st, 1914, for advertising. Mr. Mayer then says that he asked some one to give him that information and that Mr. Gill sent it to him and that Mr. Aldrich can have it if he wishes.

(2122) The witness then said:

591 I know that these figures (referring to the statement referred to by Mr. Mayer) are correct as per our books. I have seen and studied that statement. I believe it was
592 gotten up at my request. Thereupon Mr. Aldrich asked Mr. Mayer to see the sheet to which Mr. Mayer referred and, after the same was handed to Mr. Aldrich by Mr. Mayer, Mr. Aldrich said that a sheet has been handed to him entitled "Statement of amounts expended for advertising all brands of chewing gum" commencing with the year 1904 and ending with the year 1913 in a tabulation of years and that then there is an item of January 1, 1914, to August 1, 1914, seven months, the total cost from January 1, 1904, to August 1, 1914, nine years and seven months is then given and then below that there follows a tabulation from August 1, 1914, to January 1, 1915, and then a separate tabulation of the years 1915, 1916, 1917, and then from January 1, 1918, to December 1, 1918, eleven months, and Mr. Aldrich then said he will offer and he asked to have put on the record a tabulation which refers only or embraces the dates of the accounting period, and he says that there ought not to be spread on the record any statement of advertising expended prior to the accounting, and that he did not want those prior figures in the record. Mr. Mayer replied that Mr. Aldrich
593 ought not to ask him to produce a document and then offer only part of it in evidence, and that Mr. Mayer therefore prefers that Mr. Aldrich should ask for what he wants, and if it is reasonable and Mr. Mayer considers

it proper to produce it here, he will be glad to do so, but that if it involves labor which he thinks ought not to be imposed upon the Wrigley Company he will reserve the
(2123) right to determine that question. Mr. Aldrich then
593 replied that that is all right and the master said he thought that Mr. Mayer should have a right to withdraw the paper and Mr. Aldrich said he thought so and that he did not want it under the circumstances.

The witness then continued: I have not with me the total advertising expense on account of all the Wrigley gums or business for the total accounting period. The books from which the information can be procured are at my disposal. Mr. Aldrich then requested Mr. Stanley to produce at the resumed hearing a memorandum showing the total advertising expense for the accounting period divided up as the account is divided into years or portions of years and stated that he would accept the memorandum with the privilege, if there is any reason to doubt the ac-
594 curacy, to have a comparison made. The witness replied that he thought he could do that. Mr. Mayer then stated that he was informed that the bills for advertising, of which some are chargeable to Doublemint have come in since the last account which runs to November 12, 1918 was filed, and Mr. Mayer drew attention to a footnote saying that nothing had been deducted for advertising, as the bills for that item will not be received until the end of December, 1918, or the beginning of 1919, and that some of those bills had come in since the account was filed. Mr. Mayer then inquired whether Mr. Aldrich desired a statement of the amounts paid out for advertising limited to the amount referred to in the accounts filed exclusive of the advertising bills that were included in those filed accounts, or whether Mr. Aldrich wanted Mr. Stanley to give him a memorandum of everything that had been paid out for advertising during the accounting period, although the payments therefor may have been made or bills therefor received since the accounts were filed. Mr. Aldrich replied that he wanted only for the purpose of his present
(2124) examination the advertising included in the reports as
595 filed, and that he did not care anything about the others at present; that those should be a matter for a supplementary report.

Dec. 30, 1918.

WM. H. STANLEY, Direct Examination by Mr. Aldrich, continued:

The statement for total expense of advertising throughout the accounting period has not been fully prepared yet, owing to the shortness of time. It will be delivered here from the office during this morning. The principle used in the accounting before the master in computing the amount to be charged for advertising account of Doublemint gum has been based on the
596 actual space used for such advertising, in newspapers, magazines, bill boards, street cars and cut-outs and in all advertising of any sort. Mr. Aldrich asked if it isn't a fact, as he observed it, referring to bill boards, that the ordinary advertisement consists of the word "Wrigley's" and then there would be the three words "Spearmint", "Doublemint" and "Juicy Fruit", and the witness replied that that refers only to bill posters. Mr. Mayer thereupon stated that he would object to the evidence on the ground that it calls for secondary evidence and that it is his intention to introduce in the record copies of all
597 kinds of advertising. Mr. Aldrich replied that that was only a preliminary question and Mr. Mayer then said he did not wish to deprive Mr. Aldrich of examining the witness as to anything that is germane, nor did he care to press the particular objection to that particular question, but that it is one he would urge if there is any effort to attack the Wrigley Company's method of accounting for advertising upon any such theory as that the company has not been mathematically accurate in its division of space used and that he believed the method adopted by
(2125) the Wrigley Company will appear to be fair upon a visual inspection of the advertisements.

When Mr. Aldrich asked the witness what portion of the advertising expense is applied to the word "Wrigley's" in dividing such an advertisement as he illustrated, the witness testified that on the supposition that a given piece of advertising material advertised in equal strength the three brands which we did advertise in the last period accounted for to the court, the three brands would have been apportioned, each brand to one-third of the cost of

the given advertising material or space. This would
598 scarcely apply to the whole accounting period because we have not always during the accounting period advertised three brands or even two brands, but that was the rule we adopted whenever we advertised more than one brand. Mr. Aldrich then asked the witness how he allocated the advertisements that appeared in the Saturday Evening Post in 1914, referring to Larson Exhibits 4 to 9, inclusive,
599 and the witness testified that wherever a mention has been made of Wrigley's Doublemint apprising the public that
600 it is for sale, the actual space taken up by the mention of Wrigley's Doublemint and the actual space only has been apportioned to that brand. Without my actual working sheets before me I should judge on glacing at Larson Exhibit 9 (Saturday Evening Post of December 12, 1914) that it was apportioned about fifty per cent to each brand advertised therein. If three parts of that advertisement was taken up by not only the picture of the package but a description which refers to Spearmint alone, and one-fourth of the page were taken up by a picture of the package of Wrigley's Doublemint and worded material re-
601 ferring to Wrigley's Doublemint alone, and the sketch and general outlay of the advertisement were so made that 75% of it referred specifically to Spearmint, 75% would have been charged to Spearmint and only 25% to Double-
(2126) mint. The principle applies all the way through the advertising from the beginning to the end of the accounting period. Mr. Mayer then said that there would be
602 available to Mr. Aldrich either originals or copies of all the advertisements. The witness continued: I have here the rough working sheets for my advertisements. When Mr. Aldrich asked the witness if he had found the memorandum showing how the cost of Larson Exhibit No. 9 was apportioned, the witness testified: One-half of the cost of that advertisement was apportioned to Wrigley's Spearmint and one-half to Wrigley's Doublemint. I consider half of that advertisement Doublemint and half
603 Spearmint. In the account filed with the master, we charge nothing against Doublemint for an advertisement that did not refer to Doublemint. We had an advertising account on our books. The particulars of the total amount spent for advertising will not coincide exactly with the amounts given on our private or general ledger under the

heading "Advertising". We are taking pains to segregate items which we have thrown into advertising on the general ledger so that the statement we will present to the court showing the amount expended for advertising during the periods under review will contain only such items as refer to advertising and not extraneous items such as United Profit Sharing Coupons which we will segregate, and also trade discounts which were for a time thrown into the advertising account. We have an advertising account which has heretofore embraced partial
604 trade discounts over a portion of the account only. The trade discount which I heretofore referred to pertains more to an allowance which is made to jobbers or large concerns for advertising or for seeing that our brands are put to the front on retail store counters. I believe that the jobber received fifteen per cent discount. Trade discounts have been made to large firms such as Railway
(2127) New Companies in lieu of a direct advertising charge which we would have to pay if we did not allow the trade discount. We make a distinction in our book-keeping be-
605 tween cash discounts and trade discounts. We keep a cash book. The two per cent discount is not always insisted upon if the bill is paid within ten days. I do not believe there is a separate column for the two per cent item in the cash book. The cash discount column is naturally included in the cash book, otherwise the books could not be properly closed, but the column by no way means that it is a two per cent cash discount. It is a "discount" column only. The trade discounts are not put in that column. The column is headed only with the word
606 "Discount" and not with the words "2% discount". I would not wish to bind myself to the fact that we only allowed a 2% cash discount in every instance. As to cash discounts, our books enabled us to know the total for any accounting period. I can not recollect exactly on what book the trade discount account is carried. I believe it is carried as a ledger account and posted at the end of the month. Mr. Mayer then drew Mr. Aldrich's attention to the fact that the item of "trade discounts" on the reports filed with the master were made up under the special direction of Mr. Eckerly and not Mr. Stanley. The wit-
607 ness continued: We have an account on our books showing the exact amount allowed for trade discounts month by month.

If we have not the original vouchers for the expenditures on account of advertising, we can procure and have procured duplicate copies from the firms or agencies with
608 whom we have placed the advertising and to whom we have made the payments. We have not all the vouchers for the period from July 28 to December 31, 1914. There will be quite a few missing but in case we have not been able to produce or obtain copies which can be certified as
(2128) correct, we have omitted such items from the accounting. They would not be so very numerous. I believe that they have got lost in the shuffle of such an enormous volume of business. That is confined to the latter half of
609 1914. We have all the vouchers for the subsequent accounting periods. Either a ledger account or a cash book entry would show the payment made to the firm for material or services rendered, but it would not show the details of the services or the material. In other words, if a voucher is missing we would know the name of the firm or the agency to whom the amount was paid, we would know in a general way what it was paid for, but we could not specify exactly what services or what material was covered by the said voucher. In billing goods to a jobber in a case like that shown on the sample sales sheet in evidence, it is not our practice to take the trade discount from the face of the invoice. The fifteen per cent trade discounts on drop shipment offers which include merchandise are deducted from the face of the invoice and the trade discounts we allow firms in lieu of the advertising payment are not deducted from the face of the in-
610 voice but are put through as a separate bookkeeping item. The terms of payment by the jobber are clearly stated on each invoice. I believe Mr. Eckerly can produce invoices or charge sheets showing the arrangement with the jobbers for the billing of drop shipment consignments. We distinguish in our book-keeping between a cash discount
611 and a trade discount. The persons who receive special trade discounts are principally railway news companies. In some cases we have an understanding which has been running on for years and in others it is arrived at by correspondence, and in referring to trade discounts, we should consider not alone the jobber but this special class
(2129) of dealers in gum. I have distinguished very clearly
612 in my previous testimony between the so-called trade

discount allowed to jobbers on drop shipment consignments and the trade discount allowed to railway news concerns. They do not exactly get into the same record in our ultimate book keeping. The trade discount allowed on drop shipments is taken off the face of the invoice and therefore only the net amount goes into the ledger. In the case of sales to railway news companies, the trade discount is made an item of separate bookkeeping by a cross entry on a charge sheet. Mr. Eckerly then produced a sample consisting of three parts, viz.: one being an "original charge sheet", one being a "shipping department record" and the other being an "invoice", pertaining to the Flat Top Grocery Company of Bluefield, West Virginia, and the witness continued: That is the system
613 used by us in making drop shipments. Mr. Aldrich thereupon offered the three sheets and they were received in
614 evidence as Larson Exhibit 23. Said exhibits show the number of Wrigley's drop shipment offer and the number of boxes of gum of each brand ordered, and the kind of merchandise (platform scale) and the list price, the amount of the discount, and the net price, together with
615 the terms of sale and other information. We call the discounts to dealers like the news companies trade discounts, although I think that is not quite the correct name for the way the allowance is made. If it were renamed and correctly named, it would probably be called advertising allowance. In the items specified on the filed account as "trade discounts; allowances to jobbers", only one kind of allowance is included, namely the allowances made to such concerns as railway news companies and not the allowances made to jobbers, on drop shipments, which do
616 not appear in the account because the 15% allowance on
(2130) drop shipments is taken off the face of the invoice, and therefore only the net amount of the drop shipment enters into our books. Referring to page 30 of the filed account entitled "Profit and Loss Statement of Merchandise sold with Doublemint from January 2, 1915 to October 4, 1918, both dates inclusive", and which shows loss on merchandise sold by the Wrigley Company, Mr. Eckerly is more conversant with the details of that situation than I am but from my knowledge of the situation, I would say that
617 losses were incurred from January 2, 1915 to December 31, 1915, both dates inclusive. It would be preferable that

you question Mr. Eckerly on that item so that you may have more correct evidence. I have had no concern with the details which contribute to the particulars given on that sheet. I have no reason to suppose the sheet is not accurate. The item of drop shipments has been a large one but has decreased materially recently. Mr. Aldrich, in answer to a question by Mr. Mayer, then said that he had the impression that a drop shipment always necessarily means a sale of gum accompanied by merchandise. Whereupon Mr. Eckerly stated that there are such things as drop shipments which are shipments of straight gum unaccompanied by merchandise.

618 MR. STANLEY testified:

There are other shipments that are designated as drop shipments besides those accompanied by merchandise. Such shipments of gum unaccompanied by merchandise consist of an offer of a certain number of boxes of gum for a certain price, which does not distinguish between the charges to be made for the different flavors or brands of chewing gum. For instance, a drop shipment order of chewing gum might consist of ten boxes divided up amongst four different flavors for a certain number of dollars without designating that a certain brand cost a certain amount. The sum total was a round one for all
(2131) the shipments. The offer specifies of what the shipment will consist by giving the number of boxes of each brand. The difference between that and the ordinary invoice evidencing a sale of gum would be that the amount of charges for the different brands of gum constituting
619 the drop shipment is not carried out but the total is carried out as a total charge in conformity with the offer. Drop shipments of that character are usually consigned to retailers but billed to wholesalers. There is a reference on that drop shipment invoice which shows the amount of gum that is shipped. In the account filed with the master, we figured the price of the Doublemint gum contained in the drop shipments unaccompanied by merchandise by always using throughout the accounting period the standard price current at the particular time.

620 EDWARD W. ECKERLY was then further cross-examined by Mr. Mayer:

A drop shipment offer of chewing gum only unaccompanied by merchandise is usually made up so that the
621 total number of boxes shipped in the offer will cost the ultimate retailer a little less than the straight price per box because the retailer would buy more in that assortment than he would ordinarily purchase from his local jobber if buying one, two or three boxes at each time. The drop shipment offers in which merchandise is included are all made up so that the combination offer will look attractive to the ultimate retailer. He would figure the cost of the chewing gum separately and then find out how much the item or the piece of merchandise, such as a clock or desk, is going to cost him freight prepaid to his railroad station. We have accounted for all the Doublemint gum shipped during the period we are accounting for at the current selling price to the jobber which will account for our statement being put in showing a loss on
(2132) merchandise shipped, meaning that there was so much in dollars and cents of merchandise included, and for that amount we only got back a certain amount, showing
622 a loss on page 30 of the account filed with the master. You will note there are three periods showing a profit, the others show a loss. This is caused by our change of catalogs, prices, and so forth, and then probably a little later on due to the high prices and conditions and times. We would then find it necessary to change a little later on so as to bring the deal up again, but the statement shows that all of the boxes accounted for have been put in at the correct sales price per box and that the merchandise is only being deducted for actual cost. By "correct sales price per box" I mean the price at which we would have sold the Doublemint gum to the jobber if he had bought the gum alone. In other words, we have charged ourselves with the highest price of the Doublemint gum in accounting for Doublemint which we sold in drop shipments regardless of whether the drop shipments were exclusively of gum or were accompanied by mer-
623 chandise. All boxes of Doublemint gum, whether shipped with drop shipment offers of all straight, or drop shipments offers which include merchandise, are accounted for in the statement filed with the master.

Mr. Aldrich thereupon said to Mr. Stanley that he would want the total of the advertising expense during the accounting period and did not care for the recent bills and that those could be put into the Wrigley Company's supplemental account.

624 Mr. Eckerly continuing said:

A drop shipment sale of gum only is a straight drop shipment and such a shipment fixes only one aggregate selling price for the shipment and makes no separate charge for each of the items making up the shipment. I (2133) have testified that the total selling price is usually less than the aggregate price would be of the different brands that are contained in the shipment. That does not mean exactly that the net price that we received for straight gum drop shipment is less than the net price which we would receive if we sold the items separately. On the straight drop shipment gum offers, we try as a rule to get about the same price as the jobbers would pay us for cash goods, but making a combination offer does not al-
625 low the assorted brands all to figure at their right selling cash price. I don't believe that we have ever received more money for our three standard brands, Wrigley's Spearmint, Juicy Fruit, and Doublemint, in those offers than the regular selling price as accounted for in this statement, and, referring to the drop shipment merchandise offers where we have received more money, we have accounted for same as a credit on the statement showing profit and loss on merchandise; where we have received less we have made a deduction for same. In accounting for the Doublemint sales and profits and losses as reported to the master, we have given the L. P. Larson Jr. Company the benefit of the highest selling price for Doublemint and we have not considered a great many of these drop shipment straight gum offers shipped which would probably show a loss. That would take an enormous time to investigate and pick out from each individual sheet on the number of binders referred to in
626 the former testimony. We did not exclude the sale of any Doublemint gum whether it was in a straight gum shipment or a drop shipment including merchandise, but we did not look up each individual sale of straight gum shipped to a retailer to ascertain if it was to appear on the statement showing the profit and loss on merchan-

dise. In making up that statement (p. 30 of the filed
(2134) account) we omitted some items which would have increased our loss rather than to take the time necessary to go through the enormous amount of documents, and in addition, we have not included some of the special merchandise items by which I mean items that we pur-
627 chased only one at each time and shipped with a certain number of boxes of chewing gum that would surely show a loss because the offer was always figured as a combination offer and sold at less than the box price to the jobber; but all of the boxes of Doublemint gum included in those drop shipment merchandise offers are accounted for on the statement filed with the master. I am absolutely positive that none of those special merchandise items have been omitted which would have shown a profit on the merchandise. The reason page 30 of the filed account, being the "Profit and Loss Statement of Merchandise sold with Doublemint" contains no information prior to January 2, 1915 is because we have no record of the merchandise items shipped during 1914. Our record starts from the beginning of January 2, 1915, although the merchandise shipped the latter part of 1914 would also show a loss because the offers were sold from the
628 same catalog and at the same prices as during the 1915 sales. The 1915 sales showed a large loss as to merchandise, which makes me so positive that the 1914 would be sure to show a loss and not a gain. At the start of manufacturing and shipping Doublemint gum we naturally did not pack as much of this brand in the drop shipment orders according to our sheets on file in the main office, but a month or two later we started and the assortments of the various sheets show that the Doublemint gum was pasked with the drop shipment merchandise offers. Not having the record before me, I would say offhand that
(2135) those merchandise sales in 1914 would be the same as in 1915. The account filed with the master accounts for all Doublemint gum which was sold and at standard prices regardless of whether the Doublemint gum was sold separately, or in conjunction with other gum only
628 or in connection also with merchandise. We have always considered that the Wrigley Company's business was conducted as a gum business and that these drop shipments either with or without merchandise were merely a

means of furthering the sales of gum. I think I already
629 testified that we did not sell merchandise separate and apart from the gum.

Redirect Examination by Mr. Aldrich.

I have done the purchasing of merchandise for a number of years, buying all of the different items, getting the prices and getting up the daily stock report and keeping monthly tab on the different items etc. At one time I personally made up the daily stock report but I have not done that for several years, or during the accounting period. During this accounting period, the report was
630 taken from an assistant of mine, Harvey Jacobs. We do not keep separate books as to purchases and sales of merchandise, but we do keep a stock record, each individual sheet showing the number of any particular item in stock. For instance, the sheet would be headed by the number and the name of the article or item, and then there would be the total in the upper right-hand corner, the number of items in stock, and then down by dates for the month, each day showing the number of items sold, the number of items received and the balance of items in stock at the end of each day. The merchandise purchased does not go on our sales ledger. These purchases are recorded in what we call our purchase ledger by dollars and cents only. Not only merchandise items
(2136) referred to but everything we purchased is entered into this purchase ledger, and when I say "entered," I
631 mean dollars and cents only. I believe that there is an account kept in the private ledgers showing merchandise purchased which includes a few other items that would have to be deducted before you could get at the right total of merchandise such as these drop shipment offers
632 contain. These purchases could be dug out. We don't keep any separate account of the merchandise which will show whether it makes or loses money. When a remittance or payment comes from one of our customers the same is credited on the sales ledger and at the same time that that credit is being posted in the sales ledger a carbon recapitulation sheet is being made showing the amount posted to the credit of said jobber. Opposite that on the record sheet shows the amount of cash dis-

count allowed and that recapitulation sheet is really our cash book after it is completed at the end of the day's work. There is absolutely no way of ascertaining what portion of a payment made on a drop shipment is paid for merchandise and what portion for gum, without going through the records that I referred to a few days ago showing the number of merchandise items shipped, obtaining the cost and then figuring the difference between the straight gum price and the selling price of the
633 offer as sold which appears on the sheets, on the binders in our office. We have on file in the main office a statement of the total sales of all other gums in addition to Doublemint that were manufactured at the Chicago and Brooklyn factories. All brands of chewing gum as to boxes are kept in a separate total. If we had the total of the boxes manufactured at the Chicago and Brooklyn factories during the several accounting periods, and having here the number of Doublemint boxes manufactured during that period, we could arrive at the total boxes of
(2137) the other brands combined by subtracting the one from the other, so far as production is concerned. We also have the total number of boxes of gum sold in our sales department. We could make the same deduction then as to the total number of all other gums sold, by deducting the Doublemint sales as they are accounted
634 for here. It would take quite a little work to take off the books a statement showing the total of all brands, other than Doublemint made at the Chicago and Brooklyn factories, and the amount realized therefrom during the several accounting periods. The total sales, both gum and merchandise, combined, is available the way the books are posted. Mr. Aldrich then asked the witness what objection there would be to his producing a statement of the sales of all other brands if he has already made a memorandum for the total number of boxes of gum separated from merchandise. Mr. Mayer then pointed out the difficulties that might be involved in preparing a statement showing the sales of brands other than Doublemint as distinguished from a statement showing the amount of the other brands which was pro-
635 duced; whereupon Mr. Aldrich said that the decree directs the master to take an account of the profits of Doublemint as compared with all other gums, not mer-

chandise sold, and make proportionate deductions for overhead, advertising and other proper expenses. Mr.
636 Mayer then said that he had not claimed that Mr. Aldrich was not entitled to the information but claimed that Mr. Aldrich was not entitled to have the Wrigley Company furnish it; that the Wrigley Company has already reported its total profits and that there is no objection to
637 the Larson Company investigating that feature of it. The master ruled that Mr. Aldrich is entitled to the information he seeks, but that he is not entitled to require the Wrigley Company to furnish it in the form of a table or statement, as that would require a service which the
(2138) Wrigley Company is not bound to perform; that the equity rule requires an account to be stated in the form of debtor and creditor, but it does not require that the party furnishing the account shall state the reasons, facts or theories upon which conclusions are reached. Mr.
638 Aldrich then said that means that Mr. Hall is to ascertain those facts, or that they are to be ascertained by further examination of the witnesses; and the master acquiesced in that statement and added that Mr. Aldrich may ascertain them in any other way that he desires. Mr. Aldrich then said that he wants the figures as to the advertising account spread on the record and Mr. Stanley, in answer to Mr. Mayer's question as to whether those have come, said they had. Mr. Mayer then asked that the record show that Mr. Stanley has, pursuant to request, produced a statement headed, "Statement of Amounts expended for advertising all brands of chewing gum", and Mr. Aldrich thereupon offered said statement in evidence and it was received as Larson Exhibit
640 24. Said Exhibit shows the following amounts expended for advertising all brands of chewing gum:

Larson Exhibit 24.

Year	Cost
Aug. 1, 1914 to Jan. 1, 1915	$717,638.92
1915	1,632,469.74
1916	1,666,883.93
1917	1,534,324.20
Jan. 1, 1918 to Nov. 1, 1918 (10 months)	1,181,706.44
Total Cost From Aug. 1, 1914 to Nov. 1, 1918	$6,733,023.23

641 Mr. Aldrich thereupon said that Mr. Stanley had
(2139) handed him two sheets of paper containing information which he stated yesterday he would furnish. They are headed "Method of arriving at sales of Wrigley's Doublemint in boxes and dollars", and Mr. Aldrich offered them and they were received in evidence as Lar-
642, 643 son Exhibits 25-A and 25-B. Said exhibits contain information and details similar to that contained in Larson Exhibits 21-D to 21-J, both inclusive, except that said Exhibits 25-A and 25-B cover the period from Au-
644 gust 26, 1918 to November 12, 1918, both dates inclusive. It was stipulated that wherever a document is produced and transcribed in full in the record, that the original may be withdrawn by the party producing it, subject to further call, if needed, during the progress of the litigation.

645 February 11, 1919.

WILLIAM H. STANLEY testified on further Direct Examination by Mr. Aldrich:

The principle on which the advertising has been di-
646 vided is one of prominence of the brands which are mentioned in the advertising entirely. If a bill board advertised nothing but Wrigley's Doublemint, it would be charged entirely to Doublemint. We had such bill boards. Our first posting in 1914 after the introduction of Wrigley's Doublemint was a campaign of bill posting entirely for Wrigley's Doublemint throughout the U. S. A. Without exact reference, I would say that campaign continued for three months, commencing August or September, 1914. Besides mentioning the brand of Doublemint on the bill boards, there would be the name of the firm and the brand and probably mentioned that it was made by the manufacturers of Wrigley's Spearmint. I have no
647 specimens or copies here. They are available. Such advertisements usually referred to Wrigley as the manufacturer of the famous Spearmint, but of course not in very
(2140) prominent form. Where the advertisement ran in that way, the charge for that reference as a rule has been made to Doublemint where the particular idea for which the advertisement was put out was to advertise Doublemint. If three brands were equally advertised as to

prominence on any given piece of advertising, one-third would be charged to each of the three brands advertised.
648 I think it is scarcely fair or would be good accounting or good business where Juicy Fruit Export was given 90% of the prominence to charge just one-third of the cost of that particular advertisement to Juicy Fruit Export and to charge the other brands advertised at the same time with an equal amount of expense. The allocation of the name "Wrigley" has been taken into consideration as regards the allocation of the prominence of the three brands which are mentioned, two brands or one brand respectively. If, for instance I might enlarge on that, space was taken large enough to allow for a large name
649 "Wrigley's" and three brands were mentioned below that name with equal prominence, the whole text matter, the design, the packages and everything were of equal prominence, the allocation or cost of the space occupied by "Wrigley's" is divided up equally between the three brands. The prominence in an advertisement would be the stress which is laid by implication of the text, by largeness of the particular item, by any extraneous thing which may lead you to see or to buy or to exhibit for sale
651 any one particular item stronger than another. As I understand it, I did not know or believe that this case is one which turns upon the advertising of the Doublemint name at all. I have always understood this case to be one which turned and is to be decided, if it is to be decided at all, upon the combination of the colors, not upon
(2141) the Doublemint trade-mark whatsoever. I do not see what connection there is between the Doublemint name and the accounting ordered. In my opinion, we have a perfect right to continue the use of the trade-mark
652 "Doublemint". (The master, the witness and Mr. Aldrich concur in saying that it is understood that the witness was interrogated this morning with reference to the filed account and not with reference to the accounts
653 as carried on the Wrigley Company's books). An advertisement which specifically refers only to Wrigley's Spearmint and Wrigley's Doublemint to the public to whom we are advertising, would be charged, if equal prominence were given to the two brands, to those two brands. The next question, if we were advertising Wrigley's business by advertising Wrigley's Doublemint and

Wrigley's Spearmint in equal prominence in any given advertisement;—we were not. Wrigley's Doublemint and Wrigley's Spearmint advertised in the Saturday Evening Post in question, Larson's Exhibit No. 9, certainly did not help to sell any brands in any territory
654 where we were not advertising those brands. I do not understand that the purpose of such advertisements as Larson's Exhibit 9 was to advertise the Wrigley business as a whole. It advertises that portion of the business which we care to, which is specifically mentioned in the advertisement, the particular brand, Spearmint and Doublemint. I don't think it can be proven that a good will attached to anything that comes out of the name "Wrigley's" because Wrigley's Spearmint or Wrigley's Doublemint are advertised to such an extent and with any extra prominence given to Wrigley's". We made absolutely no allowance for it in the apportionment of the
655 cost of advertising. I don't know that the reason for (2142) advertisements (which Mr. Aldrich says we see now everywhere on the street) having just the name "Wrigley's" and no brands named, is very material. The question is one of interior organization and management and has no purpose to build up a good will for the word "Wrigley". We are altering our packages continually and we certainly do not intend to put out advertising just now which might advertise a given package in a particular way and before the advertisement has played its full course get a new package onto the market which has some modification. In some instances there was only the name "Wrigley's. After every meal. The flavor lasts." We certainly will not continue to advertise nothing but the word "Wrigley's"; we only do it in a very few instances at the present time, only on the Chicago Elevated Railways, the New York Elevated and Sub-
656 ways. The posters in question which are evidently referred to are what we call "filler" posters. The statement on Larson Exhibit 9 saying "Wrigley's will help, indeed, to make a Merry Christmas" refers to the two Wrigley brands which are advertised there. The whole purpose of advertising is to create an impression on the public who is reading it, and the advertisement there refers as far as the public is concerned, for which it is put out, to nothing but Wrigley's Spearmint and Wrig-

ley's Doublemint. The inference cannot be taken that other brands might not have the same worth and the same advertisement be used. In advertising, the advertiser who wants to be seen has to be prominent. The reason we have taken a double page spread in the Saturday Evening Post is for the prominence. The readibility is a second consideration in the principle of advertising. If that text was put in small and unreadable, nobody would see it. In reading quickly there you would
(2143) see Wrigley's Spearmint and Doublemint. The repe-
657 tition and the constant repetition is what makes advertising valuable. That is not exactly the reason why we have "Wrigley's" mentioned so many times on Larson Exhibit 9. The reason Wrigley's is put in often there is the constant repetition of the reminder of the two big packages which are shown.

It appears from page 10 et seq. of the filed report showing how proportion of interest on capital invested in business is ascertained, that during the several years of the accounting period there was an increase of the capital in the business for each year. It is an absolute fact that there was such an increase of capital. The increases came from gains and not from cash procured from other sources. The sheets under discussion at the present time were prepared in entirety by Mr. J. C. Cox. Although I can give a general idea, I am not
658 competent to say whether these amounts given on these sheets appear as separate items on our books or not. We have accounts which are similar in nature but I can not say whether they are exact in amount with the accounts before us. I believe that all the accounts given on the statements before us are headed and carried in our private or general ledger—the terms are synony-
659 mous—under similar headings. The interest which we charged on these sheets is not amounts paid on borrowed money. It is a charge for this accounting, and does not appear on our books. I would not say that it does not represent anything at all we may have paid out. We may have paid out interest. There was no duplication in charging interest in that account and in
660 overhead. I don't know offhand that we borrowed any money during the accounting period. It is not our custom to borrow. Either Mr. Cox or Mr. Paine could
(2144) give you information as to what rate of interest was

661 paid by the Wrigley Company for loans, if any. We have no interest charge on capital in our books in any manner whatsoever to be carried to surplus. The disposition of this money which is deducted from the Doublemint earnings still remains in the business. I would not say it is in the surplus or in the reserve account. It might be in other assets. It could be either under
662 assets or surplus. We only carry the two on the one side of the account—balance sheet. Surplus is an asset, too. As we do not carry on our books any interest charge on capital, we can not say whether the interest we charged on capital in this account has been distributed in dividends, put into liquid assets or non-liquid assets. The charge for interest on capital invested does not represent money that has been paid out by the Wrigley Company.

Mr. Aldrich then interrogated the witness regarding the dividends paid by the Wrigley Company, and the
665 witness testified:—I can not say what dividends were paid by the Wrigley Company in 1914, 1915, 1916 and 1917, without reference to the records, which I have not here. It is not exactly a fact that the Wrigley Company paid a 20% dividend in each of those years. There have been 20% dividends paid in some years and less in others. We can easily procure that information. Mr. Cox is the treasurer and pays the dividends and knows exactly what dividends are paid out year by year, and also as to stock dividends.

Doublemint was usually sold at the same price as
666 Wrigley's Spearmint and Wrigley's Juicy Fruit Export and in general by the same methods and through the same organization and subject to the same cash discount.
(2145) The trade discount is a question which has to be decided in every particular case. So far as I know in general, the same trade discounts apply to Doublemint as to other gum.

The merchandise or premium department of the Wrigley business has not been run with the intention of exactly making a profit or loss. The merchandise is solely used as an advertising medium for getting the brands which are sent out with the merchandise prominently
667 before the consumer on the retailer's counter. I don't think that the merchandise or premium department was profitable. The merchandise, although a portion of the

business, is not to be treated as a separate department. We have never been solely in the merchandising business. By merchandise I mean articles not chewing gum.
668 We have charged Doublemint with a proportion of the
669 loss arising from that item. We had a loss on merchandise. The master then stated that he has assumed that the merchandise method was thought to be a wise one to adopt as an aid in selling Wrigley's gum; that it is quite the common thing among merchandisers along certain lines to put out premiums. The witness then said: I
671 cannot say whether in filing page 30 of the filed account showing profit and loss statement of merchandise sold with Doublemint, we meant that all the merchandising
672 business was unprofitable or only such merchandise as was sold with Doublemint. The information is best obtained from Mr. Eckerly who had entire charge of the merchandise department and compiled page 30 of the filed account.

I am not in a position to state when the patents referred to in the two sheets in the filed account, pages 31 and 31 A, were acquired. They were acquired prior to the Doublemint account I am sure but Mr. Cox has
(2146) the full details. They are patents with regard to sheeting machines, wrapping machines, labor saving devices in the factory and similar machinery. They were not used exclusively in the infringing business. I believe
673 the machines which we have which are patented are of such a labor saving nature that the items charged for interest and depreciation on them are in my opinion somewhat low. The depreciation on those patents usually runs on the lines laid down by the Treasury Depart-
674 ment for depreciation in connection with income tax returns. I am not competent to say how the value of the patents was reached and I refer you to Mr. Cox on that subject. He is very competent to answer that.

The financial statement of the Wrigley Company for 1918 is not prepared and will not be definitely prepared for some time because the revenue law at present before both Houses of Congress is not passed and books can not be closed without knowing exactly what this law
675 definitely entails upon business. If you close your books, you run very grave dangers. The Government suggests the books be not closed.
(2147) Larson Exhibit 10 shows our sales for 1914 to have

675 been $8,008,536.07 and our profits for that year, $1,399,404.75. I cannot say whether the 1914 taxes were deducted before arriving at those profits without refer-
676 ring to the general or private ledger. If my memory serves me right we have an account on our books "Depreciation Reserve". We do not take the depreciation from the value of real estate, etc., but set up a reserve account to cover this. That exhibit shows that $1,215,000.
677 were paid out in dividends in 1914. Larson Exhibit 11 refers to all the business which we may have had any interest in and the profits shown thereon of $2,048,823.12
678 are those which accrued from all sources. The profits shown on Larson Exhibits 10, 11, 12 and 13, being for the years 1914, 1915, 1916 and 1917 were figured on the basis of all overhead taxes and advertising having been
679 paid. Those items were included before the profit is arrived at. In Larson Exhibit 13 (being the 1917 balance sheet) a reserve only has been set up for taxes of $1,225,000. which we found in 1918 was insufficient for that purpose. Mr. Aldrich then said that he notes that the Wrigley Company paid a tax for 1917 of $1,362,000.00.

The witness continued:—

Referring to the item of "Depreciation reserve" of $111,738.42 on Larson Exhibit 10 under Liabilities,—in the accounting presented to the master we have not specifically stated a depreciation reserve item as the interest on invested capital is taken at the actual value of the invested capital, thereby obviating the necessity of putting in an item for depreciation reserve. Depreciation reserve is an item set up to take care of depreciation on
(2148) the items which it refers to. The interest on capital has nothing whatsoever to do with a depreciation account. An interest on capital is interest on assets actually employed. A depreciation reserve may be a reserve for depreciation which can either be taken up fully or not. The mere fact that a reserve is set up for depre-
681 ciation does not of itself signify that the total depreciation has been incurred. Repairs are not an item which is taken out of depreciation. A repair to a machine to put it in working order is an expense. Depreciation is an item which is set up to take care of the decrease in value by usage or decrease in value by obsolescence. A depreciation item is supposed to be calculated and is generally calculated on the following basis: The life of a

machine, or whatever object the depreciation refers to, is established by experience. At the end of the life of the machine there is a junk value to that machine or the building, or whatever it may be. The amount of that machine, the value of that machine less the junk value is then distributed over the life of it, which is, I believe, the customary way of arriving at a depreciation deduction or a reserve for depreciation, whichever may be taken
682 for the account. There are various other items of depreciation. There may be a large depreciation the first year with a diminishing depreciation as you go along or an increasing depreciation as you go along. There are various systems of depreciation. The one we took in our accounting filed with the Master is a flat basis on the actual cost of the machinery or whatever it may be, and is the practice we follow on our books. Where a reserve is based on diminishing values that means in some cases of bookkeeping the original cost or value of the article is taken, depreciation is taken off every year and the resultant amount is taken as the value for the following
(2149) year which is again reduced by a certain amount of
683 depreciation. The diminishing value is year by year. I believe the depreciation charge, although I am not positive, has been taken into account in the cost of production because we do not have any depreciation of any consequence in the selling end. A charge of interest on capital invested is an entirely different matter from a depreciation account.

684 Referring to the item of $1,065,000. for dividends paid as shown on Larson Exhibit 11, I cannot say offhand at what rate that was. There is an interest charge of six per cent or $90,000. on the preferred stock which was one and one-half million dollars, and the remainder is a
685 dividend on the common stock which, I believe, then was 7½ millions. The items of Depreciation reserve on those statements, Larson Exhibits 10, 11, 12 and 13, do not appear in that manner in the filed accounting.

The item on Larson Exhibit 12 of $475,300.70 for "Reserve for U. P. S. coupon redemptions" appeared on our books in 1916. Larson Exhibits 10, 11, 12 and 13 have not been prepared since the court ordered an accounting and were made directly after the dates they
686 bear. The surplus is from the earnings. The reserve for U. P. S. redemption coupons as of December 18, 1916,

is by no means sufficient and it has been proven since that it was absolutely and totally inadequate to cover that item and therefore had that been increased the surplus at that time would naturally have been decreased.

687 Referring to the item on Larson Exhibit 13, showing the profits for 1917 of $2,883,981.06,—that is the amount which is left after reserve for taxes had been set up. They are not the absolute net profits for the year as we afterwards found out when we paid Federal income and war excess profit taxes. On page 16 of the filed account (2150) we show total Federal income and excess profit tax for 1917 of $1,362,643.26. The profit declared on the

688 whole business and an income tax return for the purposes of the federal income tax and war excess profit taxes is the gross profit before the deduction of any reserves for taxes. Based on that, the taxes are worked up into the various so-called brackets to arrive at the war excess profit tax and after that the normal income tax is arrived at, the sum of the two taxes being taken and deducted from the profit of the 1917 business to arrive at the net amount. The taxes shown on our 1917 tax return have been increased. It is only partially correct to say that figures based on the declaration of net sales for the several years and the average profits on gross sales for those years amount to 19.12 plus per cent after making allowance for the payment of all taxes, overhead and other expenses. Some of these reserves which we set up have proven to be inadequate and others have been incorrect. Whatever the net profits would be after the deduction of the correct figures for reserves, they would in any case be less than what is shown on those statements (Larson Exhibits 10, 11, 12 and 13).

689 I don't think we have any account on our books in any instance where we have ever set aside more than we have actually used eventually. A reserve for U. P. S. coupon redemptions does not at all convey the impression that the amount has already been paid out. The reserve for U. P. S. coupon redemptions is the amount which is set aside to reserve (redeem) those coupons which have not been redeemed so far and which are to be redeemed in the future. And then the reserve which is set aside on the 9th page of the account as submitted to the master does not cover 50% of the amount of U. P. S.

690 coupons which have been issued with Doublemint. The

(2151) amounts given in column 9 plus the amounts given in column 7 together equal 50% of the redemption value of all coupons issued with Wrigley's Doublemint. Therefore the amount in column 9 is 50% of the total amount of the U. P. S. coupons issued with Doublemint for which we are liable, less the amount which we have actually paid for such redemptions as have come in. The reason the percentage shown on that page of Doublemint with U. P. S. coupons as compared to all coupons issued is larger than the percentage of Doublemint sales to all other sales is very easily explicable. The U. P. S. coupons are not issued with all Wrigley brands of gum that we make. Column 9 of that page shows the total face value of all the outstanding coupons against Double-
691 mint as we calculated the reserve liability. Column 7 of that page shows what has been paid up to this time. The percentage of Doublemint sales to all sales of 16.1927% shown on page 1 of the filed report is the proportion of Doublemint sales in dollars and cents to all sales by the William Wrigley Jr. Company whether of chewing gum, merchandise or sales of any nature; whereas the percentage, 23.83604, shown on page 9 of the account submitted to the master shows the percentage of coupons which were issued with Wrigley's Doublemint as compared with the coupon issued with other brands of gum. The percentage is naturally greater because the merchandise sales, for instance, don't carry any coupons with them. There are other brands, miscellaneous
692 brands, of chewing gum made by the Wm. Wrigley Jr.
(2152) Company which do not carry any coupons. In 1914
692 the only brands carrying U. P. S. coupons were Wrigley's Spearmint and Wrigley's Doublemint. Later on, Wrigley's Juicy Fruit on its introduction in the present package, carried coupons too. At a later period Wrigley's Juicy Fruit Long Bar and other miscellaneous brands, but not all were supplied with the coupons. The explanation which I gave as to the difference or discrepancy in the percentages for 1914 covers the differences for the subsequent years. In order to ascertain these percentages, I did not have before me papers showing the total sales of all gum by the Wrigley Company as distinguished from the merchandise sales. The statement we have on which we calculated these percentages is a statement showing the number of coupons issued

with all brands of gum. It was immaterial in this accounting to show what the other brands of gum had in
693 the way of coupons. We had to arrive at how many coupons were issued by the Wrigley Company and how much Doublemint was manufactured, sold and delivered or distributed with U. P. S. coupons. I mean it was immaterial to know how many coupons were put with any particular brand other than Doublemint. In the preparation of our accounts, I never prepared or saw any statement of sales of the various brands of the Wrigley Company other than roughly estimated figures which I prepared for my own benefit. We have never tried to find out what a particular brand brought us in the way of dollars and cents except Doublemint. The gum accounts could be separated from the merchandise account, and the total sales of gum during each of the accounting
694 periods, exclusive of merchandise, could be ascertained but it has not been done because it necessitates the searching through of thirteen hundred thousand sales sheets. If it has been done, I have not seen an account to that effect.

(2153) MR. EDWARD W. ECKERLY then testified, on Direct Examination by Mr. Aldrich:

We have not made sheets showing the total of merchandise that we sold with gum, showing the amount of merchandise and what we received for it and what we paid for it. Our books and records show the sales of merchandise. We have not made separate sheets or memoranda showing separately the number of dollars received for merchandise or premiums during the accounting period. Mr. Aldrich then said that the question which he had in mind was whether any separate memoranda were made showing separately the amount received for premiums during the accounting period. The
697 witness continued, the way we made up the losses on merchandise as shown on these sheets of our accounting was by referring to a record we had, independent of the bookkeeping system, showing the number of items or premiums purchased and shipped during each year (which did not include a great many special premiums, probably not the jars which are considered merchandise which we sell at a loss) and to arrive at the statement we

put in, showing a loss on merchandise, we figured the cost of each item of merchandise and then took the uniform price of the deal, taking the grand total of boxes shipped with the offers, and after subtracting the cost of the merchandise, as we figured it there, it told us whether we received the right price for the chewing gum or whether we figured a loss on the merchandise or a gain. I have those working sheets and will be glad to bring them here and the book to which I referred.

698 WILLIAM H. STANLEY, continuing his Direct Examination by Mr. Aldrich, testified:

(2154) Nobody can say how long it takes for a U. P. S. coupon to come back for redemption after it has been issued. The law of average is one which increases in proportion, that is, the time between the issue and the redemption decreases as the length of service of the U. P. S. coupon increases. Length of service is how long you have been running the U. P. S. service, one, two, three, four or ten years. In direct opposite ratio to your length of service, your redemption increases. The longer you are in the business of issuing U. P. S. coupons, the
699 more quickly they come back for redemption, but there are certain hindrances to that theory, one is that the cost of premiums or the number of coupons required to obtain a certain premium or a certain amount of merchandise may be increased to such an extent that it will prevent this rapid redemption of coupons because more have to be saved, therefore a greater length of time is necessary to save them. A premium in this instance is the article which is published by the United Profit Sharing Corporation as obtainable by the public or by the owners of United Profit Sharing coupons in return for the number of coupons designated thereunder within the period for which the catalog is good. These catalogs are changed from time to time and a limit is put on the period for which certain articles can be obtained for a certain number of coupons. The coupons are redeemable by the U. P. S. Corporation for any article which is shown by their catalog, but I do believe that they will be perfectly willing to obtain for a holder or possessor of
700 coupons any other article he may desire if the number

of coupons is sufficient to cover the cost of that article. The liability of the U. P. S. coupons is unlimited as far as we are concerned and as far as the United Profit Sharing Corporation is concerned as against the holder or possessor of United Profit Sharing coupons. The holder
(2155) of the coupon may present it at any time after it is
701 issued. I will be glad to have samples of the coupons here. The coupons of the United Profit Sharing Corporation which we issued with various brands of chewing gum may be redeemed at any United Profit Sharing redemption station of which there are several in various parts of the United States. Without knowing precisely, I think at the present time they have about fifty or sixty redemption stations. They are entirely in charge of the United Profit Sharing Corporation which I believe is organized under the New Jersey laws and has its main
702 office in New York City. The Wrigley Company has no financial interest in that company whatsoever except as to our liability to them on account of the coupons. After the presentation to the United Profit Sharing Corporation, the various stations send the coupons in to New York. These are counted and after counting they are packed and charged to us and sent to us. On verification of the number of coupons we receive and finding that they may be or might not be in accordance with the bill, we either protest the bill or pay it. That payment is made by check. The coupons after verification, if they are correct, are destroyed by a shredding machine at the factory which makes them absolutely useless for any
703 further use except as paper for burning. They are absolutely shredded into pieces. We keep in our office an exact list of the United Profit Sharing coupons which are redeemed month by month, that is, those coupons which come in to us. They may not be exactly the ones that are redeemed in any given month because some station, let us say New Orleans, may not get its coupons in on time at the New York office for them to be included in the account they tender us for any given amount. Our dealings are entirely with the New York office, so far as
(2156) the coupons are concerned. We have occasionally redeemed United Profit Sharing coupons to dealers. We do not make any direct redemption of United Profit
704 Sharing Corporation coupons. That corporation renders us a bill showing the number of No. 1, No. 5 and No. 25

coupons. These are all reduced to units of ones. The total of the No. 1 units is given and charged to us at $3.00 per thousand of the coupons redeemed. We have to pay that to the Profit Sharing Corporation. A unit, as we call it, is the one coupon which is represented by the counterband enclosing the five sticks of gum. That unit is redeemable by the holder at one-fifth of a cent. It does not mean that we pay one-fifth of a cent for that coupon. We pay 3/10 of a cent for that coupon. The United Profit Sharing Corporation pays the person redeeming it one-fifth of a cent but charges us three-tenths
705 of a cent for every unit. We have to pay one and one-half cents for the five units or No. 5 certificates which the dealer receives in each box. The United Profit Sharing Corporation pays out one cent to the person redeeming the No. 5 coupon and charges us one and one
706 half cents for it. The extra half cent is the United Profit Sharing Corporation's profit. That corporation gives the option of taking cash or given items of merchandise which it is preferable for the persons redeeming the coupons to take because the merchandise is calculated as being worth so many coupons which are only equal to a cash value, whereas the price of the merchandise in the public market would be considerably greater than the cash redemption value of the coupons, but that is a question in which we have no interest and is a matter between the person redeeming the coupons and the Profit Sharing Corporation. We do not keep a statement as to these redemptions either in a journal or ledger account. Our ledger accounts show only the
(2157) actual amount we have paid for the redemption of coupons to the United Profit Sharing Corporation and the general ledger shows a reserve account for United
707 Profit Sharing Coupons unredeemed. Sundry papers and books show the details of the account, showing the amount paid for the redemption of the coupons, how that is made up, and another memo account shows the number of coupons we have issued month by month. The amount paid for redemptions can be ascertained from the general ledger by entries made at the time of the several redemptions. We have a very correct tabulation of the amount of coupons we have issued from time to time. The tabulation has not been made with any idea of this accounting. The tabulation was one which

we have kept from the beginning for our own guidance as to the value of the U. P. S. coupons, first from an advertising standpoint, second from a sales standpoint, and thirdly from a cost standpoint. The number of coupons so issued does not appear in any book. There
708 are several sheets which are kept by our Assistant Treasurer, Mr. James Gill, showing the information referred to here. The figures we keep show the number of No. 1 units issued every month, and the No. 5 and No. 25 certificates issued every month. These entries are not made daily but monthly. The papers in connection therewith are very simple to understand and kept in very good shape and are entirely at the disposal of Mr. Hall and his assistants. The office of the Profit Sharing Corporation in New York also has a record of these redemptions. They have an exact copy of the redemption statement that is submitted to us and they also know the
709 number of coupons we issue which are reported to them. I am not aware that the United Profit Sharing Corporation has any other business except the issue and redemption of coupons similar to these. That company limits
(2158) its business to one person in each line of business. The United Cigar Stores uses the same system. The holder of coupons of the United Profit Sharing Corporation, whether Wrigley's or United Cigar Stores' or any other firm using the United Profit Sharing Coupons, which can be combined, present these coupons to any redemption station of the United Profit Sharing Corporation. Upon presentation of these coupons to the United Profit Sharing Corporation they have the choice, either
710 to take cash at the rate of one-fifth of a cent for each unit or merchandise which is shown at that redemption station and which has a fixed coupon value as they call it. For instance, you go in and you want Boston Garters. We will say you have to give twenty-five No. 1 coupons for Boston Garters. Upon presentation of these coupons, and upon handing them into the United Profit Sharing Corporation they hand to you, or to the presentor of these coupons, the actual piece of merchandise which the redeemer wanted. If an article requires more
711 coupons than you have, they will allow you to pay the difference in cash. All that we are concerned with is how many coupons did they redeem of Wrigley's. It is immaterial to us whether the United Profit Sharing Cor-

poration gives cash or merchandise. We have to pay three-tenths of a cent for each No. 1 coupon that they redeem. The Profit Sharing Corporation pays for the merchandise in the first instance. They have catalogues
712 showing the number of coupons at which they will exchange the items of merchandise given in the catalogue. The Profit Sharing Corporation itself buys all merchandise which it exchanges for coupons and pays therefor and then gets reimbursed by collecting from the Wrigley Company and its other customers for the coupons which the Profit Sharing Corporation has redeemed. We pay the Profit Sharing Corporation $3.00 for a thousand cou-
(2159) pons having an exchangeable value of $2.00. We do
713 not handle any other denominations of coupons than the No. 1, having a one-fifth cent value, the No. 5, having one cent value, and the No. 25, having a cash value of five cents. The No. 1 coupons is either wrapped around the package or inserted in the package. The No. 5 is the dealer's coupon which is put in on top of the box when the gum is packed into it, so that the retailer can withdraw it immediately upon opening the box, in which are packed the twenty packages, each consisting of five sticks
714 of gum, in the majority of cases; but packages may not contain five sticks. Generally the unit No. 1 which has a redeemable cash value of one-fifth of a cent is wrapped around the five sticks and is the counter band. The 25 unit is used as a premium for salesmen. Salesmen that sell our goods and make a record of what they have sold can under certain circumstances get so many of these
715 coupons. The 25s are used instead of the 5s, as they are easier to handle. The No. 1 unit, the counterband, has the name of the brand on it. There is printed on the No. 5 and No. 25 certificates a designation that they belong to us: "Wrigley's Spearmint Perfect Gum." The Doublemint name only appears on the unit wrapper packed with Doublemint. The designation on the dealer's coupon "Wrigley's Spearmint" is to identify that as being our coupon in combination with other coupons
716 of a similar color and size that are put out by other firms. No coupon consisting of five units or of twenty-five units has the name "Doublemint" on it. At the time the system was prepared, the original submitted to us, which has been continued, stated on the face of it "Wrigley's United Profit Sharing Coupon 5" and underneath

"Wrigley's Spearmint Perfect Gum". We redeem many millions of the No. 1 units. We keep track of the No. 1 and No. 5 coupons that have been issued with Doublemint gum in the following manner; Each box has
(2160) twenty packages of gum packed in it, each package
717 has a No. 1 unit wrapped around it in the shape of a counterband. Inserted in each box is a No. 5 dealer's certificate. So that it is not very hard to compute just how many No. 1s and No. 5 dealer's certificates went out with Wrigley's Doublemint, knowing the number of boxes we issued or we manufactured. The 25s are issued as a premium to salesmen for selling the Wrigley's brands and have been apportioned over Doublemint as the Doublemint sales bear or the Doublemint production bear to the total production of brands which carry U. P. S. Coupons. The 25s are given as a commission for selling certain brands of our goods, and the apportionment of the 25 coupons was made by finding out the percentage of Doublemint which has been issued with U. P. S. Coupons in comparison with the total number of boxes of all
718 brands which have been issued with U. P. S. Coupons. The salesmen do not get the 25 coupons on premium deals but only on straight goods. Jobbers' salesmen obtain in some instances for the sales of straight brands of Wrigley's a certain number of U. P. S. Coupons which are entered into a record book which they keep and which are forwarded to us by the jobbers' salesmen as a proof of their sales. We can easily look back in our books and see whether they have entered true sales. If they are on the list of persons that are to get coupons for these sales for a certain number of boxes, a certain number of coupons are issued and they receive them by return mail if the record they have sent to us is correct and proven to be correct. Those coupons are redeemed by the United Profit Sharing Corporation the same as though they had been issued to anybody else. All those different varieties of coupons are redeemable in the same way. If any coupon is sent direct to us for redemption, we usually hand them over to the United Profit Sharing Corporation for redemption. If there
(2161) were an insufficient quantity sent back, we might be constrained to write a letter to the person sending them to us and send a catalog and point out where they can be redeemed, that might be an exceptional case, and then return them to the sender.

720 February 12, 1919.

WILLIAM H. STANLEY, Direct Examination by Mr. Aldrich, continued:

Before we start taking any further testimony today, if the master please, I would like to make a correction in a statement I made yesterday with regard to depreciation. I stated that the methods of depreciation and I think the method I stated that we had used was the fixed value percentage depreciation. That is not a fact. We are not taking as much depreciation in our books as the Treasury Department would allow us to do. We are taking our depreciation on diminishing values. For instance, if a machine is worth a thousand dollars and we take a ten per cent depreciation, we are taking $100 the first year, which reduces the net value of the machine for the second year's purpose to $900. On the second year, instead of taking the $100 again, we are taking it on the diminished value, or $900, and take only $90 depreciation, and so on, which means that you never
721 depreciate a machine to its junk value. But that has been our system and we have continued it all the way through. The Government permits a fixed depreciation value by taking the junk value from the actual value of the machine and a fixed percentage of the difference between the junk value and the cost value every year. So that the depreciation year by year by a given machine is always the same value as an item in the debit side of your balance sheet. In our accounting before the master, wherever depreciation entered as an item, we took the amount of it on the diminished valuation, so we really charged less in our items that include depreciation than would have been permitted under the Government regulations. The de-
(2162) preciation charges which enter into this account are thrown into manufacturing costs.

722 The cost items which show the cost per box are in my possession. I am not familiar with what additions were made in the central office to Mr. Buck's manufacturing costs, but I know they are such charges as motor truck expense, items of that kind, which we have carried on the private ledger in the general office which have not been carried as a rule in the manufacturing accounts kept at

the factory. Mr. Cox I think would be better able to furnish you more detailed statements of exactly what items have been transferred from the private ledger where they have been kept to the manufacturing books for the purpose of arriving at the cost per box in this accounting. Absolutely no selling expense has been included in the items making up the manufacturing cost per box as reported to the court.

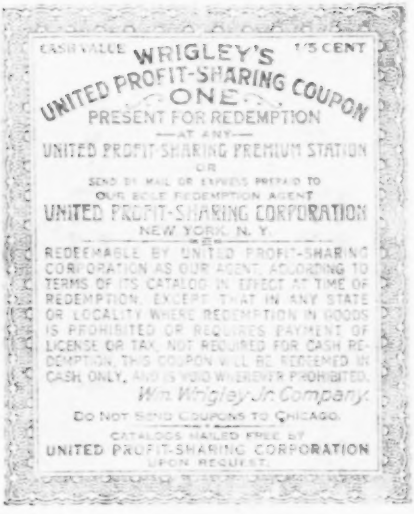
723 The principle governing our decision to go into the United Profit Sharing Coupon scheme is one solely of advertising,—our assumption being that if they can buy a package of Wrigley's gum which might be equal to the gum in quality of any other manufacturer, the added incentive is there to save the coupons—and retain business rather than obtain new business. The amounts which we paid out month by month for U. P. S. Coupons, being a charge or an expense against the business, are carried into the private or general ledger and the detailed items of how that charge is made up are kept on loose memorandum sheets for reference for comparison. They are put into the ledger under the account "U. P. S. Coupons". They do not appear on the ledger in the advertising ex-
724 pense but for memorandum purposes which I have every month from the cashier. This amount which has been actually expended for U. P. S. Coupons is thrown in for comparative purposes, because on the advertising memoranda which I get every month, it is necessary that I see
(2163) just what has been expended in the various items, and as U. P. S. Coupons is considered an advertising item from my standpoint, these items are thrown into that memorandum account every month which is nothing more than a loose sheet which is submitted to me at the close of the month or as soon after as it can be. In the account submitted to the master the actual expense is segregated from the contingent liability. The actual expense incurred is arrived at by finding out the number of boxes of Doublemint which are sold or put out or given away with U. P. S. Coupons in comparison with the total number of boxes sold, given away or used in any other manner with U. P. S. Coupons. That percentage has served as a basis of the total charge for the charge against Doublemint, and appears on page 9 of the filed account.

725 Exhibit 24 which shows $6,733,023.23 spent for adver-

tising all brands of gum from August 1, 1914 to November 1, 1918 does not include any charge or expense whatsoever for U. P. S. coupons, or war tax rebate certificates, both of which we include in the memorandum of advertising expense which is submitted every month to me. We differentiate between these two ways of handling the advertising account because inthe account submitted to the master, these items are specifically mentioned and for a comparison of the advertising charge given on the account submitted to the master we have prepared this statement, Larson Exhibit No. 24, with the idea of giving you a comparative statement of the total charges for advertising based on the same items which are shown in the account as submitted to the master. In the memorandum statement which is submitted very month as advertising, we include all four items shown separately on the filed account as "Advertising chargeable to Doublemint", "Trade discounts; allowances to jobbers", "Printing U. P. S. Coupons", and "Proportion of amount paid for U. P. S. Coupons", but in Larson Exhibit 24, the amounts
(2164) do not include the items "Trade discounts", or
727 "Printing U. P. S. Coupons", or "Proportion of amount paid for U. P. S. coupons", used in connection with this profit sharing scheme. The changes that would be made in the U. P. S. Coupons we have used from 1914 to 1918 have been mostly caused by legislation affecting the wording of the coupons. In some cases we have reduced the wording and have increased the lettering to make the coupon more legible; in other cases we have had to put on a cash value which has been caused by legislation necessitating the redemption of these coupons in cash instead of in merchandise. We have also added on a clause that if any of these coupons should get into any states where there is any statute law prohibiting their redemption, that they are valueless. The basic principle of the coupons, however, has remained the same. Mr. Aldrich then asked the witness to produce the different kinds of cou-
728 pons necessary to illustrate the basic principle and show the extent of the liability of the Wm. Wrigley Jr. Company, whereupon the witness produced four coupons and Mr. Aldrich then offered the same in evidence and they were received in evidence as Larson Exhibits Nos. 26, 27, 28 and 29, respectively. Said Larson Exhibit No. 26 is as follows:

Front

Back


CASH VALUE
WRIGLEY'S
1/5 CENT
UNITED PROFIT-SHARING COUPON
ONE
PRESENT FOR REDEMPTION
—AT ANY—
UNITED PROFIT-SHARING PREMIUM STATION
OR
SEND BY MAIL OR EXPRESS PREPAID TO
OUR SOLE REDEMPTION AGENT
UNITED PROFIT-SHARING CORPORATION
NEW YORK, N. Y.
REDEEMABLE BY UNITED PROFIT-SHARING CORPORATION AS OUR AGENT, ACCORDING TO TERMS OF ITS CATALOG IN EFFECT AT TIME OF REDEMPTION, EXCEPT THAT IN ANY STATE OR LOCALITY WHERE REDEMPTION IN GOODS IS PROHIBITED OR REQUIRES PAYMENT OF LICENSE OR TAX, NOT REQUIRED FOR CASH REDEMPTION, THIS COUPON WILL BE REDEEMED IN CASH ONLY, AND IS VOID WHEREVER PROHIBITED.
Wm. Wrigley Jr. Company
DO NOT SEND COUPONS TO CHICAGO.
CATALOGS MAILED FREE BY
UNITED PROFIT-SHARING CORPORATION
UPON REQUEST.

(2165) Mr. Stanley testified that said Exhibit 26 is a sample
729 of the one-fifth of a cent coupon which we term a unit for bookkeeping purposes. It is the outside wrapper around five sticks of gum. The small No. 1 coupon marked Larson Exhibit 27 is a small coupon which we pack with Wrigley's Juicy Fruit Long Bar, the container of which is a piece of foil and cannot be printed on and therefore this little No. 1 coupon is packed in the interior of the foil container. Said Larson Exhibit No. 27 is as follows:

Front.

730 The Back is similar to back of Larson Ex. 26. Larson Exhibit No. 27 has no relation to the Doublemint accounting. It has an exchange cash value of one-fifth of a cent.

Larson Exhibit No. 28 is a 5-coupon certificate which is packed loosely in the gum boxes, each containing 20 packages of five sticks each and is extracted by the dealer before exhibiting the gum for sale. Said Larson Exhibit No. 28 is as follows:

Front.

(2166) The Back of said exhibit is similar to back of Larson Exhibit 26.

731 The No. 5 coupon is redeemable in cash at one cent or in merchandise. Where it is stated in the United Profit Sharing Catalog that so many coupons are necessary for a certain article, this No. 5 counts as five. We do not redeem any coupons of any kind whatsoever. None of these coupons are exchanged for anything by the Wrigley Com-
732 pany, and they are redeemable only at the redemption stations of the United Profit Sharing Corporation, either in person or by mail, and for merchandise or cash. We have no interest whatsoever whether cash or merchandise is given in exchange for the coupons. We reimburse the United Profit Sharing Corporation by paying it at the rate of $3.00 for every thousand units or coupons which
733 have a face value of only $2.00. The one dollar per thousand which we pay the Profit Sharing Corporation more than they pay out for the coupons is to cover their service costs, operation costs, overhead and their profit, and has nothing to do with the merchandise. We have no interest at all in whether the merchandise which the Profit Sharing Corporation gives a customer costs them $2.00 or more
734 than $2.00, or whether it costs them anything. The United Profit Sharing Corporation buy in large quantities
(2167) merchandise and it is separated or distributed amongst their various stations. This is bought preparatory to the redemption of the coupons, is an investment of theirs entirely. When the coupons are presented they issue the merchandise or give the cash in redemption of the coupons and send in to us with a bill for three dollars a thousand. Out of that three dollars a thousand which they get from us they have to cover the cost of their merchandise, their service, their operation, their overhead, their advertising, and made what profit they can, or it may have resulted in a loss as it has done.

Larson Exhibit 29 is a certificate of 25 coupons or units
735 and is as follows:

Front.

The Back of said exhibit is similar to the back of said Larson Exhibit 26.

(2168) These 25 coupons are issued to jobbers' salesmen for
736 sales made by the salesmen to the retailer and the book of record in which they are entered is signed by the jobber who sends that book to us and we issue the coupons. The jobbers who employ those salesmen have knowledge of the system.

EDWARD W. ECKERLY, on further Direct Examination by Mr. Aldrich, testified:

The No. 25 coupons are given only for sales of Wrigley's Spearmint, Wrigley's Doublemint and Juicy Fruit Export brands and not our miscellaneous brands. They
738 are not given as a commission for selling in lieu of the premium given the jobbers' salesmen under the Red Book arrangement, but are only given on the three brands just mentioned. This is a different proposition than the Wrigley's premium offered to salesmen for selling drop shipment offers. The premium offers as described in our Red Book is not a five per cent commission. We offer merchandise to the salesmen or in some instances we have paid them and that would be equivalent to four per cent cash, and I might add here that if in these drop shipments we included Wrigley's Spearmint, Wrigley's Doublemint or Juicy Fruit Export package brands, we allowed the salesman to take the No. 25 unit coupon in some instances, but that did not keep the total of that sale out of his rec-
739 ord book as far as drawing merchandise. We have made a few exceptions like that, but the real use of the No. 25 coupon is for selling straight brands. That was the way it was gotten out, "for selling straight brands". I mean selling either Spearmint or Doublemint or Juicy Fruit, or selling the three in combination or singly. Our arrangement for paying the jobbers' salesman his commission on drop shipments was,—we offered them a certain item of
(2169) merchandise in exchange for a certain list of sales. I don't know as Mr. Fotre ever figured it on a five per cent basis. I don't handle that but I am giving you a general
740 idea of how it is handled. Mr. Fotre is the man to call for that. Under the drop shipment sales I have described in our Red Book, there was a discount of fifteen per cent (15%) to the jobber to whom we billed the goods and there was a further cash discount of 2% if paid within ten days. There was a list published from time to time by us showing that a salesman could obtain a certain item of merchandise for a certain total amount of sales of drop shipment offers, and we have copies of those lists or premium lists to salesmen and will be glad to bring them over here if you want to see them. The jobbers' salesmen would keep his own list of sales in the record book

sent to him and send that book to us when he wanted the
741 item of merchandise and had sufficient sales to cover that item. I don't think we ever changed that plan so that instead of the commission we gave the jobbers' salesmen these certificates, but, as I stated we may have given them the 25 unit coupons for sales in these offers on straight brands of Wrigley's Doublemint, Spearmint and Juicy Fruit Export packages, but that was not an offer put out by us in general, at least that is my belief now. I can look it up for you and be positive and I will bring copies of the
742 lists over. I did not say that we did not use these No. 25 certificates to pay jobbers' sales who were selling drop shipments under our Red Book offers. The No. 25 unit coupon is offered entirely different from the merchandise we offer for a total of listed drop shipment offers.

WILLIAM H. STANLEY, on further Direct Examination by Mr. Aldrich, testified:

By jobbers I refer to concerns engaged in business as jobbers and handling groceries and gums and doing
(2170) business with such retailers as handle gum. Those
743 jobbers are distributors. A jobber always buys gum from us directly and he distributes to the retailers when his salesmen have taken the orders and handed them in. The jobbers, who are the employers of the salesmen receiving the No. 25 coupons, are interested in those salesmen getting these orders for gum.

Mr. Buck can best give you the amount of depreciation
744 which has been calculated in arriving at the manufacturing cost. Depreciation on machinery has been added to the cost of gum. The only depreciation that I see in the statement filed with the Master at the present time is the depreciation on patents and patent rights, with a small item of depreciation for office furniture, but I understand we are going to add an item which has been overlooked
745 and has not been accounted for at all anywhere for depreciation. An item of depreciation has been discovered since the account was filed and which was not considered in preparing that account, and we intend to report it later. It has reference to depreciation on real estate and buildings and is a different item from the depreciation of tools

and machinery used in the factory, which latter depreciation was considered in determining manufacturing cost.
747 In the report for 1917 we made certain reserves to cover
(2171) our taxes but we actually paid more than the amount reserved. We are having a controversy with the Government about it. At the present time a Treasury Examiner has a report which he has submitted to the Treasury Department under review, disagreeing with our interpretation of some of the Treasury rulings. We have interpreted them our way, he interprets them his way. The matter is under investigation now. Our counsel is taking it up for us and the Tax Examiner is taking it up for the Treasury Department and the matter is
749 under consideration. The profits shown on Larson Exhibits 10, 11, 12 and 13 for the years 1914, 1915, 1916 and 1917 can not be taken as the resultant from the chewing gum business after paying out dividends and taking overheads, and so forth. A segregation of that account will be necessary to find out whether some of these items that are included in liabilities, or might be included in the profit and loss statement for expense, were not relevant to the gum business at all. On the other hand, some of the assets might not be relevant to the gum business. We kept our books with all our items, assets and liabilities of whatsoever nature. That takes in rents of the Van Buren
750 Street property and the 35th Street building. We have real estate on Van Buren Street which is rented to several firms. We have real estate at 35th Street, part of which has been rented to several firms for long periods. The rents from all these are included in our statements. No part of the Van Buren Street property is used for the gum business. The major portion of the 35th Street property is so used, and part has been rented out. Mr. Cox can give you the details of the rentals. It certainly runs
751 into many thousands of dollars. The statements shown on Larson Exhibits 10, 11, 12 and 13 are the ones which are submitted to the stockholders at the annual meeting
752 and they are as accurate as we can make them and abso-
(2172) lutely truly set forth the amounts of dividends that were paid during the year and the depreciation reserve is shown there. We have never attempted to make any computation of the results if we took the percentage and profit on gross sales and figured it out with reference to the

gross sales of Doublemint as we reported it in the filed report, because the gross profit of the business would not give us any idea of the gross profit of the gum without we had departmentally accounted and segregated every item. Then again it might not be advantageous for us to always be putting before our own eyes the enormous amount we were expending on introducing any brand of gum and demand that that brand bears its proportion as the sales of that brand might be to the total sales, whereas, we might be expending many hundreds of thousands of dollars on the introduction of a new brand of gum, and by the system of percentage of profit on gross sales only debited with a small amount. In other words we might be spending a million dollars to introduce a brand before we actually sold any or more than a negligi-
753 ble quantity of that brand. The advertising expenses precede the sales. If a brand is successful, the sales exceed the advertising expenses. The Doublemint gum was sold at the same prices, subject to the same discounts, and through the same agencies, manufactured in the same way, at the same costs with other leading brands. That is why the overhead is apportioned according to the in-
755 come from Doublemint as compared with the income from all sources. The logic of presupposing that because your profit on gross sales is a certain percentage, therefore the profit on every article is the same, is fallacious because we have to incur expenses to tell the people that we have something to sell before we make a sale. It assumes that
756 we made just as much profit on the first package of Doublemint gum that we sold ,although we had expended
(2173) thousands and thousands of dollars to tell the public that we had it to sell, as we made on a package of Spearmint which had been advertised for twenty-five years previously. Before an article can be merchandised it has to be manufactured. To manufacture an article the initial expenses are always there before you have the article. You need your plant, you need your material, you need your investment, you need an excess of capital over these credit assets, otherwise you can't merchandise your product. In merchandising your product you have to explain what you have to sell. It has to be either a necessity or something you can create a demand for and in creating that demand you have to expend money. I don't say that

you have to expend money in the way of advertising in newspapers. The advertising used by the Wrigley Com-
757 pany is not necessarily newspapers, bill boards or street cars. Many firms in existence can't afford that method of advertising. Advertising has to be done by word of mouth, by salesmen, if you please, or by any other method of apprising the public, directly or indirectly, that you
760 have an article for sale. We distributed large quantities
761 of Wrigley's Doublemint. Where would the profit be on the gum we had manufactured and already incurred a cost when we gave it away as a matter of advertising? Treating every article as earning the same percentage of profit presumes that the cost of material, labor and of the finished product, the overhead, the advertising and the selling costs were identically the same. Some brands cost more to make than others. We have taken the actual cost of producing Doublemint. Our costs can not be taken
762 as a basis for producing every brand we make. Neither can the selling expense of any one brand be taken as equal. We sell brands which we do not advertise to any great extent, or in the same extensive way as we do the other brands. Our three brands cost substantially the same to manufacture. Factory costs may not be materially dif-
(2174) ferent. From that point on you take two ways, the one way is the easy way. Take the manufactured brand it had on the market for twenty-five years which can easily be sold; the other way is find out a market for a new brand. You may be able to sell that new brand on the prestige of the brand already on the market with a similarity of names, you may not. We have proven that you cannot sell any brand on the prestige of a name, the issuance of any new brand in a world wide-awake, like we have sold Wrigley's Doublemint, is not an easy matter.
763 The master then inquired if it is not a cost that can't possibly be estimated, that is, the difference of selling an article that has an established place on the market and one that has not; to which the witness answered in the negative, and the master inquired whether you can get at a thing of that sort in figures, to which the witness replied: We have, absolutely. The only contention I believe that might happen in this accounting as submitted to the master is that we have not apportioned exactly the costs of advertising, or of selling, or of merchandising. It is

only a question of theory there. As far as the cost is concerned, if we had separated the space we have used and only made one salesman sell Doublemint and not allowed him to sell Spearmint, we would have known to a fraction what the actual costs would have been. Now, we have gone on the theory that where we have a man, of an advertisement space, selling both brands, that the space is to be divided equally between the two brands. That selling expense has been distributed equally over whatever it covered, whether organization or advertising or
764 distribution. I exclude from this the overhead expense and that has been prorated on the basis of sales of Doublemint to sales of everything. We can't prorate our advertising the same way, because if we were to do that, the
(2175) fallacy would be that we would be spending millions of dollars in advertising a brand which was not bringing in millions of dollars worth of business. I don't think it makes any difference over how many years the period is spread. The advertising we do in one year might not bring in anything in that particular year. Well, our experience in advertising has been, and I think we have made a pretty good success, our experience is that if you discontinue your advertising, your sales go with your advertising. In other words, the good will or pres-
765 tige attached to advertising is of an immediate nature as far as discontinuance is concerned, that you have to pour into the pot a long while to sell your product, but immediately you begin to stop advertising your sales drop off. The public forgets quicker than they begin to buy. We could enlarge upon that question of the costs in comparison with the sales or the profits by supposing that they are separate businesses as often happens in a case of advertising. Any large manufacturing concern which manufactures items and has different plants, if one plant were manufacturing one item and another another, and
766 they used a selling organization and had selling expenses at the one plant to sell the one article which was of the same price of the article they were making and selling at another plant but of a different nature, and they used exactly the same methods, exactly the same expense, if the cost could be apportioned over the sales, the one factory might be making an enormous profit and the other an enormous loss. The sales might be small on an article which would not sell and which you could not force

on the public; the other item might be something that goes up like a skyrocket and sells millions of dollars worth; they only have the same selling expense. If you appor-
(2176) tioned it that way, the one factory would be carrying the other, as in many businesses one branch carries the other. There is scarcely any business in existence that there is not something of that sort. All big concerns have troubles of that kind.

In answer to a question by Mr. Mayer, the witness then said: If two articles are advertised and each is to bear one-half of the advertising expense, then to justify charging each with half of the expense, we would in the course
767 of time expect that the sales would be equal. If the advertisement we have put out appears to the public to buy peppermint flavor and they like it, they will insist upon buying Wrigley's Doublemint. If they don't like it, they will insist upon buying some other flavor. Where we have not advertised or had any extensive advertising of brands, those brands don't sell. You can't sell anything without advertising in some way. I don't care if you have to peddle your goods, you go and talk to a retailer. There are numerous ways of advertising beside the written space. All are of the same effect. You try to reach the consumer in some way. You have something to sell and tell him what he can buy it at and what it is. Nobody is going to come and ask for it if we don't advertise a thing
768 we are making, whether we have got it to sell or not. We know for a positive fact that as we have increased our advertising expense and increased our methods of advertising our miscellaneous brands, that our advertised brands have increased in sales, and where we have decreased our energy on the miscellaneous brands, where we have not advertised them, where there is no such reason why they should be sold like vending machines, that those sales are dwindling. One of the brands I have in mind at the present time where we have discontinued the
(2177) advertising and selling organization which was back
769 of it, those sales have vanished off the map completely. The item of advertising in our selling methods is the largest item of expense we have. Our advertising does not
770 benefit at all under the name "Wrigley's" without any adjunct; Wrigley's Spearmint, Wrigley's Doublemint or Wrigley's Juicy Fruit Export are conjunctive terms which cannot be segregated and you cannot say that

"Doublemint" has a value or that "Wrigley's" has a value separately. The combination of Wrigley's Doublemint" together as it is, is what we are advertising. For instance, at the commencement of the accounting period of the accounts we have submitted to the master, we started with a sales volume on Wrigley's Spearmint of $6,000,000 for the year in which we commenced this Doublemint accounting presented to the master. There is back of that sales item twenty-five years of continuous
771 and continual advertising. The advertising efforts put behind a brand is what sells the brand in our case. In the case of Wrigley's Doublemint, which was introduced when we had obtained a certain amount of sales on the brands we were then merchandising, does not signify that we can launch Doublemint on the market without any advertising effort whatsoever, taking for granted that the advertising we have already done on the brands we were then merchandising will carry along any new brand we would like to put on the market. The connection of "Wrigley's" with "Doublemint" does not have any bearing on the fact that "Wrigley's" may have had or not had any value in itself.

776 On further examination by Mr. Aldrich, the witness contined: We have not kept any track of the coupons as to the brand with which they were put out. The same percentage is used over all coupons as is shown on page 9
(2178) of the filed account. We began to use these United
778 Profit Sharing coupons on Spearmint before Doublemint was put on the market and on introducing Doublemint, we continued their use on Spearmint, but used the same certificates of 5 and 25 units in conjunction with Doublemint. The single units, however, on Doublemint do not bear the impression that they are issued with Spearmint or might have been issued with Spearmint. It only refers to the 5 and 25 certificates. The imprint of "Wrigley's" and "Spearmint" is totally as a mark of quick identification for those people in the United Profit Sharing Corporation Company's offices who handle many billions of these
779 coupons by the sight of the spear or the Spearmint trademark in which way they can be identified very much quicker than by reading anything that might be printed on those coupons. The advertising value of the coupon in itself is nil. The 25 coupon never gets to the consumer who buys Wrigley's gum. They are issued to salesmen.

The salesman knows that they come from Wrigley's and he does not care whether they are with Wrigley's Doublemint or Wrigley's Spearmint, what he wants is the coupon. What is on it is immaterial, on the face. The value to him is the conditions which are printed on the back. The identification of Wrigley's Spearmint on the face serves no other purpose than for a quick identification for the employes of the United Profit Sharing Corporation. We know how many boxes of Doublemint gum are issued and we naturally know how many dealers' certificates are put into those boxes.

780 EDWARD W. ECKERLY, on further Direct Examination by Mr. Aldrich, testified:

We have tabulations or books which will enable us to inform the court as the number of 1s, 5s and 25 coupons redeemed and we can bring in everything that pertains to
(2179) that. I know the statement will be correct. I think
781 I am right in saying that the 25 coupons are issued only in connection with the sale of Spearmint, Doublemint and Juicy Fruit Export. I don't believe they were ever issued for the sale of drop shipment offers. If they were, it was very rare. It may have been possible that we sent some of the 25 coupons to the salesmen for selling our three brands, Spearmint, Doublemint and Juicy Fruit
782 Export packages in these drop shipment offers. I will bring in a sample of the salesmen's record book to list his sales in.

WILLIAM H. STANLEY, on further Direct Examination by Mr. Aldrich, testified:

785 I have said that this profit sharing coupon scheme was an advertising matter. The expense of the billboard portraying a waiter carrying a tray and followed by three spearmen, each carrying a package of Wrigley's chewing gum was charged one-third to each brand and the advertisement in the Saturday Evening Post of December 12, 1914, Larson Exhibit 9, was divided fifty per cent to each brand. Whether the large use of the word "Wrigley's"
786 had any bearing upon the other business or not is a ques-
787 tion of fact. The facts are that although we have in-

creased continuously our advertising and have increased the use thereby of the large Wrigley's, those brands which are not mentioned in the advertisements have continually got less as to the amount of sales. Take, for instance, some of our miscellaneous brands, they have from the year 1914 decreased in sales although our advertising has increased in volume and expense. If, for instance, we could prove that "Wrigley's" had any value in itself owing to the advertisements which have appeared showing a large Wrigley's, then it is self evident we could go and launch any brand on the market on the name of Wrigley's without spending any more money, because in itself
(2180) the word "Wrigley's" would be sufficient to launch
788 any article with the name "Wrigley's" on it. There is absolutely no doubt that jobbers are more willing to handle goods that are largely advertised. As far as the jobber is concerned, his good will consists principally in the facility with which he can move the manufacturer's goods. Before putting out Doublemint, we had on the market Wrigley's Pepsin Foil Peppermint. Nearly all gums that were made had a little pepsin added to their formula and pepsin was used as part of the advertisement with the idea of inducing people to buy in on the grounds that pepsin helps digestion. I am not at all familiar with the Larson case or any of its ramifications until the accounting was asked for from us, and I was
789 not a witness in this case at all.

The prominence of Wrigley's Spearmint and Wrigley's Doublemint in the advertisement in the Saturday Evening Post of December 12th, Larson Exhibit No. 9, being equal and having an equal impression on the consuming public for whom this advertisement was intended, would in all probability tend to sell as much Wrigley's Spearmint as it would Wrigley's Doublemint or vice versa. If these two brands had, let us assume, been born at the same time or been put on the market at the same time, there is nobody that can controvert the theory that Wrigley's Doublemint might have sold to a greater extent than Wrig-
790 ley's Spearmint. In my opinion this advertisement trades to a great extent on the prestige of Wrigley's Spearmint if there is any good will attaching to Wrigley's Spearmint and to the past efforts of advertising in which many millions have been spent. We have appor-

tioned these advertisements all on the theory that equal prominence, equal space, equal division of the text, the text referring to both brands in equal manner, the sketch, appurtenances, general get-up and everything, giving equal prominence to each brand, that the cost should be
(2181) apportioned over each brand equally. As far as the advertising of the United Profit Sharing Coupons is concerned it is an entirely different sort of advertising than the advertising in the Saturday Evening Post. The
791 advertising contained in the idea of the United Profit Sharing Coupons is not to make the public buy the Wrigley's brands of chewing gum, Spearmint, Doublemint and Juicy Fruit, but to induce the salesmen to do his share in advertising Wrigley's Spearmint, Doublemint and Juicy Fruit by selling that wherever he can and thereby earning coupons. The advertisement of the Spearmint on the 5 and 25 certificates I do not believe ever sold a box right from the time it was used. The salesman as a rule is not interested in the advertisement which is on it or the text which is on it. He wants to know what they are worth to him in hard cash or its equivalent. He is not interested, whether we put on there Wrigley's Licorice, or Wrigley's Pepsin Foil, it is immaterial to him. What he wants and what he knows is he has sold so many boxes of Wrigley's Doublemint, Wrigley's Spearmint and Wrigley's Juicy Fruit, and the value he gets for doing that is represented by the coupons. The 5 and 25 coupons never get into the consumers' hands and they are known in the trade as dealers' coupons. If by accident we should have printed
792 on those coupons "Wrigley's Juicy Fruit" instead of Wrigley's Spearmint, we would not attach any more importance to its sales values of that particular brand than we would now to Spearmint. It was a continuation of a system in vogue before Doublemint was introduced. As to whether using the word "Wrigley's" in advertising Wrigley's Spearmint is just as good to help Larson's Spearmint or Pulver's Spearmint as Wrigley's, I am not contending, and it is rather a delicate question to enter into, whether our advertising does not sell other people's spearmint or not. I believe it has been stated by very
(2182) prominent manufacturers of chewing gum that if we did not advertise Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export, their own sales of chewing gum would suffer considerably. We

793 don't catch every person who sees a Wrigley's advertisement with a sale of Wrigley's gum. When I refer to advertising I mean the advertising which specifically mentions the three leading brands, Wrigley's Doublemint, Wrigley's Spearmint and Wrigley's Juicy Fruit Export. We can prove by figures and facts that, although our advertising of these brands has increased considerably and although our sales of these three brands have increased considerably, the sales of the miscellaneous brands in general have decreased considerably and almost in inverse ratio to the increase of the advertising. In 1918 we have increased our advertising very considerably in Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export, I should say some two or three hundred thousand dollars over 1917.

"Mr. Mayer: Larson Exhibit 24 shows that there was spent for 1917 $1,534,324.20. That amount you say does not include the amount paid for redeeming coupons or charges or expenses for coupons or for trade discounts or war tax certificates. Including those amounts do you recall what the 1917 advertising amounted to?

794 A. The advertising in 1917 was roughly $2,440,000.

Mr. Mayer: Now, take 1918, Larson Exhibit 24 shows from January 1st to November 1st there was spent excluding items of the kind just mentioned $1,181,706.44. Do you know what was spent during that time including the omitted items? In other words, what was the total advertising amount for that period?

A. The total advertising for the ten and one-half months or for the eleven months, was $2,250,000."

For the whole year 1918 I think we spent a couple of hundred thousand dollars more than for 1917.

(In answer to Mr. Aldrich's question as to what the omitted items were, Mr. Mayer replied that he had just mentioned them; that they were amounts paid out for coupons, war tax certificates, trade discounts and expenses for coupons.)

The witness continued: Although we spent considerably more in 1918 than in 1917 for advertising our three
795 leading brands, Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export, our sales of the miscellaneous brands have decreased considerably. The
(2183) production in the first six months of 1918 of miscel-
795 laneous brands was approximately a million to eleven

hundred thousand boxes and in the second six months of 1918 that had already dropped to five or six hundred thousand boxes. It tends to prove, and I might say almost conclusively prove, that the advertising, whether it mention a big Wrigley's or a small Wrigley's whether it mentioned Wrigley's twenty times or only once, does not sell our miscellaneous brands because they might happen to to have on them the name "Wrigley's". The public only knows, as far as it is concerned, the advertised brands. I don't wish to imply by that that the miscellaneous brands have not been advertised. They have in their way, except that the manner of advertising the miscellaneous brands is entirely different from the manner of advertising our three leading brands. Our miscellaneous brands are advertised by merchandise, by drop shipment offers, by circulars, which cost money too, but our three leading brands have been advertised by an entirely different manner,
796 newspapers, bill boards, street cars, electric signs. There are portions of the country where we have advertised the three leading brands where the miscellaneous brands don't sell at all. There are portions of the country where we have advertised the miscellaneous brands to a heavy extent where the three leading brands are not the strongest sellers, although we advertise the three leading brands all over the country. There is not a territory or a town or a village in the U. S. A. where the Wrigley advertisement of Spearmint, Doublemint and Juicy Fruit does not reach. There are towns in the U. S. A., however, where the system we have used for advertising the miscellaneous brands have not reached. Sales of miscellaneous brands are no doubt controlled by their price. None of the prices of our miscellaneous brands was changed in
(2184) 1918. The price of the miscellaneous brands to the
797 jobber was roughly forty-seven cents a box. I am not going into specific brands. In 1914 I believe it was forty-four cents a box. No brand was sold since 1914 at 36c a box excepting in individual cases where we have made a special price for an advertising purpose. I don't say we have not sold any of our leading brands at that price. One of our items of foreign advertising is to put our brands down at a market price which is similar to the U. S. A. To do that we have to cover enormous freights and duties. We sell at a less price net to us, our foreign goods as shown by our statement submitted to the master,

than we get from our own home goods, for our domestic trade as we call it. The price of our leading brands was raised from 44 to 48 in the fall of 1913 and from 48 to 52,
798 if I remember right, in 1916. Our present price is 55c a box. It has been raised again since. We certainly maintained a standard of quality of the miscellaneous brands during the last half of 1918. The standard quality of the Wrigley brands is always mintained as far as we can maintain it. It is one of our principles of business.

During 1917 and 1918 we spent approximately one-third on each of the Juicy Fruit, Spearmint and Doublemint brands. The advertisement of the miscellaneous brands has been pactically discontinued. One of the items of advertisement of the miscellaneous brands is the drop ship-
799 ment offer which is put out to the public. The amount for advertising the miscellaneous brands in 1917 would probably have been in the neighborhood of fifty to sixty thousand dollars and in 1918 I do not think we spent thirty thousand dollars and in the latter half of 1918 practically nothing. I am almost positive we spent more for
(2185) advertising our three principal brands, Spearmint, Doublemint and Juicy Fruit in the latter part of 1918 than we did in the first half, and there is no doubt that notwithstanding the increase in the advertising of the three principal brands in the last half of 1918 our sales of the miscellaneous brands diminished. Where we advertise Wrigley's Spearmint, Wrigley's Doublemint and Juicy Fruit weakly in comparison with the general ad-
800 vertising over the country, the sales of our miscellaneous brands are greatest and where we advertise the three principal brands, the sales of our miscellaneous brands are in some instance practically nil. In other words, the sales as to territory and method follow the advertising almost exactly. We have had campaigns on where we have advertised Juicy Fruit, put it into a territory, and by continuous hammering we have sold Juicy Fruit in that territory, and we can increase any brand by increasing our advertising excessively over the other brands, by giving it more prominence.

"Mr. Mayer: When did you begin to advertise Juicy Fruit?

A. We began to advertise Juicy Fruit Export in the fall of 1915, but heavily in 1916.

Mr. Mayer: About what proportion of your 1916 advertising was for Juicy Fruit?

A. There was probably more advertising spent in 1916 on Juicy Fruit Export than on the other brands. It was a new brand practically to the market, a package which was not known all over the U. S. A., it needed introduction and for the introduction there had to be the expense of telling the people that we had it.

Mr. Mayer: What was the aggregate of you 1916 advetising?

A. In 1916 the total expense of advertising, as I understand it from my records, was about two and one-half millions."

801 But my records I mean including the items that were omitted in Larson Exhibit 24. The exact figures that we expended in advertising for 1916 are $2,496,651.01.

"Mr. Mayer: And you say more than a third of that was for Juicy Fruit?

A. Yes, sir.

Mr. Mayer: That would be over $800,000?

A. Yes, sir."

(2186) I have examined and am acquainted with Larson Ex-
802 hibit 24 which is headed "Statement of amount expended for advertising all brands of chewing gum". I have already testified that in our department we include in advertising the following items, appearing on the account
803 already filed, those headed "Advertising chargeable to Doublemint", "Trade discounts, allowances to jobbers", "Printing U. P. S. Coupons", and "Proportion of amount paid for U. P. S. Coupons". In Larson Exhibit 24 only the first of those four items, "Advertising chargeable to Doublemint", is included and the other three items are omitted. We have not anywhere added up the total of those four items for Doublemint alone. I have the total for all brands combined. Those four items appearing on the account filed with the master are the proportions of the total expenses of those four items apportioned to Doublemint. The total for advertising everything during the
804 accounting period, including those four separate items on the account filed was $951,468.23 from August 1st to December 31st, 1914, and in 1915 $2,112,895.66, and in 1916 $2,496,651.01, and in 1917, $2,440,739.75, and in 1918 to and including November $2,205,414.65. Mr. Mayer, saying that the witness had, in answer to one of Mr. Al-

drich's questions, testified that the Wrigley Company had spent millions of dollars on Spearmint before Doublemint was put on the market, asked the witness whether he knew how many millions and whether he has the figures here, to which the witness replied affirmatively, and Mr. Mayer then asked the witness to read the figures into the record.
809 Mr. Aldrich objected and the master reserved his ruling.
811 The witness continued: At the commencement of the preparation of the filed account I busied myself with the division of the income and war excess profit taxes, but Mr. J. C. Cox handled this item in the orderly course of
(2187) office business so that he is more competent than anybody in the office to answer questions regarding that point.

812 February 14, 1919.

WILLIAM H. STANLEY on Cross Examination by Mr. Mayer, testified:

813 The manufacturing cost per box was delivered by Mr. Buck to me to compute the total cost of all Doublemint goods produced. He delivered the cost per box and the manufacturing cost is arrived at by taking the total number of boxes produced and multiplying by the cost per box. The items showing the sales on page one of the filed account in boxes and dollars have been taken by me from
814 the books and records and are correctly computed and are correctly shown on that page. I had something to do with the ascertainment of the items showing the number of boxes and cost of production at the Chicago and Brooklyn factories on page one of the filed reports. The number of boxes there stated was arrived at by taking the details of the number of boxes delivered by the factory
815 to the shipping department. The computations which I made were made, I believe, as accurately as is humanly possible. I reported them to Mr. Buck. Referring to page two of the filed account, I took the sales there shown from the records and those figures are calculated absolutely correctly, and were made on the same basis as it is
816 on page one. The same system was used in the calculation all the way through. I have already submitted detail sheets showing how these sales amounts were arrived at. The items on page two of the filed report under

"Manufacturing cost", showing the number of boxes and
817 the cost thereof at the Chicago and Brooklyn factories, were taken from the records of deliveries from factory to shipping department. Those records were segregated with regard to the manufacturing cost to show which boxes were made in the previous period and which in the period from January 1st to December 31st, 1915, the
(2188) manufacturing cost computed by Mr. Buck having been taken over the years and delivered to the down town office on the production basis. The result is that we have had to compute what number of boxes weer made by the manufacturing department in one period and carried over to the other period showing a difference in price in the statement of January 1st to December 31, 1915, in the first 14,525 boxes of .202186. I should say those computations were made exact. The item on page 3 of the filed account, "Manufacturing cost" was treated exactly as the sim-
818 ilar items already spoken of. The boxes given in the first line 26,707, are the carry over of the production of the previous year. These sheets in the filed account are based on actual figures and not estimated. I also had something to do with the computation of the figures on that page 3, showing the sales and the amount received therefor. Those sales were arrived at by taking the details of the shipping sheets, which are the sheets that are delivered daily from the factory to the shipping department showing exactly the number of boxes of Doublemint which have been delivered to the shipping department. The total of these sheets is shown under this item with the exception of those boxes which have been used for other purposes than sales, such as the boxes that have been given away, the boxes that have been used for donations for example, or for any other purpose. They don't figure in this sales total. Neither do they figure, I might add as
819 an explanation, in the manufacturing total. The cost of those boxes which have been used for donations or for advertising purposes is figured under the advertising account at the manufacturing cost of the period during which they were given away. These figures would not exactly match with the factory production figures if they were all added together because we would have to take
(2189) into account the boxes which have been used for advertising or for donation purposes. The total, however, of those boxes added together will coincide exactly with the

production figures of the factory during the period under review as shown in the statement submitted to the master. In reporting the sales and the income received therefrom, we used only the actual figures showing what was actually sold and the actual amount received therefor and those figures were made accurately and have been checked and
820 rechecked several times. The item of "Sales" and of "Manufacturing cost" for 1917 shown on page 4 of the filed account has been treated in exactly the same manner. The method we used on the one statement has been used all the way through, and the figures shown on page four, to which I have referred, are accurate. I made up the figures showing the sales and receipts on page five of the
821 filed report and those figures are accurate and were made up in the way already described. All the figures that I have testified to correctly show the items purporting to be shown on the report filed with the master. We arrived at these figures by independent methods and by independent people and the totals arrived at have in each case come out exactly the same and exactly represent the business. The same thing is true as to all the items of manufacturing cost and sales and amounts received therefor shown on any of the sheets in the report filed with the master and with which I have had any connection. With one slight exception, namely in the manufacturing cost, I believe all through the statement an item of depreciation has been omitted. I believe Mr. Aldrich called by attention to this matter before. It is now being adjusted, as are several other little items, which on rechecking we came
822 across and some of which are against us and some for us. The item of depreciation is one which should have entered into the manufacturing cost and was omitted and therefore does not appear on any of the reports filed with
(2190) the master. I prepared figures as to the quantity of boxes sold and the amount received therefor and the number of boxes manufactured at the Chicago and Brooklyn factories and the cost thereof as shown on page 19 of the filed report. The identical principles before explained for arriving at the totals have also been used in this instance
823 and they are as correct as we have been able to make them. Where there has been any question of doubt, we decided it against, rather than for ourselves. Mr. Aldrich then said that he takes it that the witness is testifying only as to manufacturing cost and Mr. Mayer replied he

has as yet been asking entirely about manufacturing cost and sales and the amount received and the witness then said yes and Mr. Aldrich stated that he desired that answer to be understood to be limited to that subject. Thereupon the witness further testified: The preparation of the items on page 29 showing sales and amounts received therefor and the manufacturing costs of the quantities specified was made exactly an the same basis as the similar items previously mentioned. I, however, call attention to one little difference in the manufacturing cost on that page. When that statement was made up, we had not our
824 exact manufacturing cost for the month of November 1918. Therefor the Doublemint gum which was produced up to November 1, 1918, has been taken as a standard for the cost of the Doublemint gum shown on this statement which was produced after November 1, 1918. Our figures which we have now arrived at after having closed our books for the month of November, 1918, and arrived at the manufacturing cost proves that the cost per box for the period from November 1 to November 12, at which period this statement ends, were a little higher than shown on the statement, owing to the, as is well known, rising costs of raw material. At the time we made this statement, however, it was impossible for us to pick out
(2191) just those items which went into the manufacture of those goods which were produced after November 1st until we had our monthly statements from all sources. We similarly estimated the cost from November 1 to November 12 on the same basis as the costs from October 5 to November 1. It would, if anything, be in our favor, if exact figures were taken there, but of no great consequence, because the number of boxes in this statement, October 5 to November 12, only total 93,505. The estimate was less than the actual figures by one or two cents
825 per box. The sales and amounts received therefor as shown on page 29 are accurate. In all cases to which I have referred the identical figures of cost, as reported to me by the factory, were taken and nothing was added in the central office. There are a few items which we carry on the general or private ledger in the central office which have been thrown out of the accounting for Doublemint from the figures we have used under overhead and transferred to factory cost. I think Mr. Paine will be in a much better position to explain to you the character of these

items because he was more concerned in getting up those overhead items than I was and he can also explain how they have been expended. In some instances in preparing the account filed with the master, we placed items under what we regarded the appropriate headings, regardless of what accounts they were under in our books or whether they were in our manufacturing books or down town
826 books. The way we handled our factory department necessitated a splitting up of the account because the shipping department is entirely under Mr. Eckerly's charge, although the shipping department as far as the handling is entirely a factory charge. It is just a question of interior organization. The figures Mr. Buck has delivered are exactly identical with the figures we have used. I have just been giving an explanation that the figures shown on our general ledger and as kept on his books
(2192) would in the sum total agree, but the manufacturing cost has been rectified by the transfer of figures kept in the downtown office general ledger to the factory books for arriving at the cost per box. Mr. Buck's figures and our downtown figures combined are the ones which have been used in arriving at the factory cost. I referred to the fact that the estimated cost as shown on page 29 was increased by the increase in the cost of raw material. I
827 did not say in the value of raw material. It was in the cost of raw material between the date at which the estimated cost was taken and the actual cost as we ascertained it upon closing our books for November. I would not exactly say that that material was purchased between October 18th, 1918 and November 12 for Doublemint gum that was manufactured betwen November 1 and November 12. The amounts we have taken for arriving at manufacturing cost have been the costs of the material as purchased. We may have used and we have used in previous lots of Doublemint gum that have manufactured material which was of a greater cost to us than the material which we used after November 1st. In other words, we have always used up our cheaper material first and then gradually gone into the higher priced material. That accounts for any difference in cost, it is easily explicable.
828 I should say as to bulk, probably the gum base of chicle is the most expensive article used in manufacturing Doublemint, as to quantity used in a box of gum; but as to the quantity in bulk, I should say the flavor is the very much

more expensive item used. I would presume the gum base, chicle, is the largest element that enters into the actual cost of the manufacturing of Doublemint gum, although I am not a competent authority on that question. Speaking generally, the price of chicle between 1914 and
(2193) 1918 has doubled and trebled. It has been very much
829 a rising market. It has always been our custom to carry stocks of chicle running into millions of pounds. We had a large quantity on hand on July 28, 1914. I am not an
830 authority on the market prices of chicle. I cannot give any figures which would be of great importance here, but I know that we had well over a million pounds of chicle on hand on July 28, 1914. Mr. Cox would be able to give you the exact details of that. I can say pretty nearly positively that no items have been duplicated. I have a general knowledge of what went into those items but not a detailed knowledge of what the various items consisted of. The next item on page one of the filed account with which I was intimately connected was the amount of ad-
831 vertising chargeable to Doublemint. I have here a memo-
833 randum as to what was paid out for advertising. From and including the year 1904 until July 28, 1914, we expended in advertising chewing gum $8,374,081.59. By years it was as follows:

1904	$ 135,471.53
1905	156,207.69
1906	256,594.33
1907	284,496.31
1908	431,870.86
1909	687,153.77
1910	709,708.26
1911	1,177,939.80
1912	1,361,987.24
1913	1,871,661.80
1914 (Jan. 1 to July 31)	1,300,990.00

834 Between July 28 and August 1, 1914 there would probably be an expense of thirty to forty thousand dollars. Including 1910, and up to the end of July 1914 there was expended in advertising chewing gum $6,422,287.10. In 1913 and up to July 28, 1914, $3,172,651.80 was spent. Of
836 the $8,374,081.59 expended for advertising from the commencement of the year 1904 until the end of July, 1914, about 10% was spent for advertising other brands of

chewing gum than Wrigley's Spearmint and about 90% was spent for advertising Wrigley's Spearmint; that is
(2194) for advertising matter which had reference on its face to any other brand than Spearmint.

837 "Mr. Mayer: Q. You made some refernce in answer to some prior question about an advertising campaign that was started in connection with Juicy Fruit. When was that campaign started, about?

"A. In the latter end of 1915 we started a campaign advertising Wrigley's Juicy Fruit. This campaign was not very heavy in 1915, but in 1916 our campaign on Juicy Fruit was very heavy, much heavier in my opinion, and the way we have allocated the different charges, and especially the way we have figured Doublemint, very much heavier than either the amount we expnded on Wrigley's Spearmint or Wrigley's Doublemint. In other words, in 1916 the way we have allocated the charges for Doublemint in the account presented to the master have been that we have charged less to Doublemint and more to Juicy Fruit. In other words, we have not taken a rough percentage because the three brands were advertised and stated that one-third was Doublemint, one-third Spearmint and one-third Juicy Fruit, but we have taken the same theory for apportioning the charge on the Doublemint in that year as we had in other years, viz., the prominence of the brand advertised, throwing more in that year onto Wrigley's Juicy Fruit. I am referring to the
838 year 1916, and a considerably smaller amount onto Wrigley's Doublemint. The same reasons are applicable to that as I have used in my arguments with regard to Doublemint, viz., that to put the brand on the market it has to be extensively advertised, continuously advertised, and in 1916 in the merchandising of Wrigley's Juicy Fruit we advertised solely in some of our advertisements nothing but Wrigley's Juicy Fruit. In our estimate the charge for that should be charged to Wrigley's Juicy Fruit and not apportioned over Wrigley's Doublemint.

"Mr. Aldrich: I move to strike out the answer with reference to what they have done as to Juicy Fruit as immaterial and irrelevant and having no bearing upon the issues of this case.

"Mr. Mayer: If your Honor please, I intend to ask the witness to translate his testimony into figures, and I intend to show that in 1915 we spent about one hun-

dred sixty thousand or more dollars for advertising Juicy Fruit only allocated on the same basis that the accounting has been made here, and that in 1916 on the same basis of allocation we spent over $800,000 to advertise Juicy Fruit, and on the same basis of allocation we spent over $80,000 in 1917 to advertise Juicy Fruit, and then with those figures in the record Your Honor can see that if we were wrong in allocating our charges as to Doublemint, then Doublemint got a benefit by our advertising the same—supposedly wrong method in allocating the
839 Juicy Fruit. For instance, suppose we put out $500,000 worth of advertisements that advertised Juicy Fruit only but had a lot of text in it and Wrigley's name, and so forth and so on, just as big and just as conspicuous as in our Doublemint advertisements. On the theory of opposing counsel all that half million dollars should not be
(2194) charged to Juicy Fruit, but some of it should be charged to Doublemint, and we are going to give your Honor those figures so the record will be complete on that subject.

"Mr. Aldrich: To that I have to say in support of the motion to strike out that it is established in this record by the testimony of this witness and other witnesses that no allocation ever took place until it was made with reference to making the account here. It becomes then a self serving declaration and has no place as I submit on this record. If the master wants to take it subject to objection and leave it in the record subject to further argument, I have no objection.

"The Master: Let it stand then subject to the motion to strike.

"Mr. Mayer: Q. About how much in dollars did you spend in 1915 to advertise Juicy Fruit, allocating the charge on the same basis that you were allocating the Doublemint charges?

"A. Approximately $160,000.

"Q. And how much for 1916 for Juicy Fruit allocated the same way? A. About $915,000.

"Q. How much for 1917 for Juicy Fruit allocated on
840 the same basis. A. About $810,000.

"Q. That's about $2,000,000 spent for Juicy Fruit campaign in those three years. Correct? A. Yes, sir.

"Q. Have you any figures with you as to 1918 or down to August or September, 1918?

"A. In 1918 our total advertising expense was $2,430,-315.98. The first six months we spent $1,133, 796.42, the second six months we expended $1,296,519.56.

"Q. The expense of advertising from January 1, 1918, to December 1, 1918, eleven full months, was $2,205,414.65. Do you know about what the proportion of the 1918 advertising was for Juicy Fruit?

"A. Juicy Fruit advertising in 1918 ran fully 30% of this amount, 33⅓%.

"Q. 33⅓%? A. Yes, sir.

"Q. You think that would be practically uniform during the entire period of the year?

"A. Yes, sir. We have advertised during 1918 all three brands, Spearmint, Doublemint and Juicy Fruit, with equal prominence."

We have not kept any specific account showing the allocation to each different brand. It is not very difficult
841 from the material we have to find out just how this allocation is arrived at. We kept a very accurate account during the whole accounting period and all the time therefor of what we actually paid out for advertising and the purpose for which the disbursements were made. We have very exact details down to one cent on everything we have expended for advertising and what the items are.
(2195) We have every piece of advertisement of every shape or manner and wherever it appears, for the purpose of allocation, and the allocation was made on a basis of
842 exact measurement. We have copies of all advertisements. Where we have not exact copies, we have photographic reproductions. For instance, we do not keep copies of 24 sheet posters. Where we have photographic reproductions, we took the measurements of the photographs and then correctly took the percentages of space used.
(2197) The object in spending a great deal of money in ad-
842 vertising Wrigley's Juicy Fruit Export was principally to get our distribution on that brand and to let the consuming public know that we had the brand to sell. Without advertising continuously and of large dimensions there can be no continuous or large sale of chewing gum. We know from experience that although we had Wrigley's Juicy Fruit on the market long before we started to advertise it the insignificance of its sales were such
843 as to make us know that a large advertising appropria-

tion was necessary to get a production and a distribution and a large sale. Precisely the same reason applies for our spending these many millions in advertising Doublemint alone. We had quite a good deal of experience with Wrigley's Juicy Fruit.

"Q. Have you figured up what the aggregate is of the four items shown in the accounts filed with the master consisting of the following:

"Advertising chargeable to Doublemint",

"Trade discounts, allowances to jobbers",

"Printing U. P. S. Coupons", and

"Proportion of amount paid for U. P. S. Coupons".

"A. No, sir, we have not so far added these various items together to see how they compare with the total amounts given on any statements prepared by us.

"Q. Have you got the total amount that was paid for advertising of the brands of chewing gum beginning with August 1, 1914? A. Yes, sir.

"Q. Will you give the amounts please?

"A. From August 1, 1914, to the end of 1914, we expended $951,468.23; 1915, $2,112,895.66; 1916, $2,496,651.01; 1917, $2,440,739.75; 1918, $2,430,315.98."

(2198) I think it might be advisable to add that our convic-
844 tion on the advertising point has been substantiated by our present method of advertising. In this year we anticipate increasing our advertising because the restriction on the importation of raw materials which has been in effect during the war has now been lifted, giving us a greater elbow room for sales than we had before.

Prior to August 1, 1914, the general nature of our advertising was simply and solely Wrigley's Spearmint with the exception of the advertising we did to a special list of customers which we have prepared through many years, advertising our drop shipments. We used the same system of advertising that we are using now, the principal items being newspapers, bill boards, electric
845 signs, street cars. We advertised in about twenty-four different languages in various parts of the world. We put our Wrigley's Doublemint up in about eight different languages; in French, Spanish, Japanese, North Chinese, South Chinese, Malayo, Italian, Hindu, Arabic and English, which is different from American. The Chinese wrappers are divided into categories: Northern Chinese, which is sold north of a line from Cheefoo drawn directly

westward, the Southern Chinese, which is printed on our Doublemint label, is prepared specially for the market south of that line in China. The Japanese boxes are sold in Japan and Korea, the boxes as well as the labels bear Japanese imprint. On Chinese labels—by way of digression I might add that the trade-mark even is in Chinese—they have a particular name for our Doublemint brand, and as they cannot pronounce "Doublemint"
846 we have given it a Chinese name. They call it "Loo-lay-shong-ya-dong." Between 1904 and the time we introduced Doublemint our advertising was confined principally to the North American continent, but we did some advertising of a very small nature promiscuously for
(2199) foreign business. The major portion of the advertising
846 since 1914 with regard to Wrigley's Doublemint has been placed in the U. S. A., but we have advertised in nearly every country on the face of the Globe since 1914 as we became very active in our foreign business just before the outbreak of the present war, and we have continued it very extensively since August, 1914, with the main purpose that, although in many countries we have had great difficulty in delivering the goods, it necessitated keeping up the advertising to sell those goods that
847 we could dispatch to those countries. It was not in all instances profitable but it was necessary to sell the goods. We are making sales in all those countries I referred to. We have made sales since July, 1914, even in Germany. Our foreign advertising practically reaches every country in the World where there is any advertising. We have advertised very extensively in some countries Wrigley's Doublemint and in other countries we have depended upon advertising of a general foreign nature by such magazines as reach those countries, not intensively, but at least in some manner. Take, for instance, foreign trade journals, the distribution of which might go to all Spanish speaking countries because they are printed in Spanish. In other cases we have used a little trade
848 journal advertising which reaches a good many foreign countries. In other instances we have gone right into the country and advertised locally in the papers. In those advertisements we named the brand, Doublemint. In some countries we have advertised during the accounting period nothing but Wrigley's Doublemint; part of the millions of dollars which we spent for advertising

during the accounting period was for advertising Wrigley's Doublemint by name in Japan and China and very extensively in France, and not so very much in Spain. We depended more on the general advertising of journals which reached Spain because they were in the Spanish
(2200) language. Since the introduction of Wrigley's Double-
849 mint gum we have sold it in all the countries mentioned and in many others.

I prepared the item "Advertising chargeable to Doublemint" on the account filed with the Master. Those amounts were ascertained from the actual disbursements made by the Wm. Wrigley Jr. Company during the various periods designated on the respective sheets. We have records, bills, receipts, checks and vouchers to show every item we have in the account. The account kept on our books of advertising was not kept as a separate item with respect to Doublemint. We have never considered
850 it material or necessary or of any importance to separate the various brands as to the allocation of expenses on our books and we are not doing it now, but we have taken all the advertising and segregated therefrom these various charges against Doublemint on the basis of allocation to which I testified. Eliminating the legal question as to whether we adopted the right method of allocation, our figures and measurements are, in my opinion, absolutely accurate as reported, whether in the filed account or in my testimony. If there are any errors, they are just such as would creep in any figures, but unintentionally, and they are of not large amount because we have a system of checking back roughly over the items
851 we have entered down, or in proportion, as they should be. All the data that we had, all our books, all our photographs and copies of advertisements and other material which we used and relied upon are available to the auditors selected by the Master and to opposing counsel. That same thing is true with respect to all the books, records, working sheets, details and memoranda that we used in connection with our work regarding the item "Manufacturing cost". We have documents for everything with which I have had anything to do and they
(2201) available at any time to the auditors and opposing counsel.

852 Referring to the footnote pertaining to the item marked "Advertising" on page 29 of the filed account covering

the period from October 5, 1918, to November 12, 1918, stating that no deduction was made for advertising as the bills for that item will not be received until the end of December, 1918, or the beginning of 1919,—such bills have come in since that sheet was filed with the Master. At the time we were making up that statement various bills had not been received. Replies to our letters had not come in owing to the distance the expenditures for advertising had been made. Since then we have got in what we could. We do not think we have got it all that is possible to get with reference to Wrigley's Doublemint. There are some foreign bills which we have to receive
853 and which we sometimes do not get for three or six months after the money is actually expended. We have received bills since Sheet 29 was filed on December 10, 1918, which show that a larger amount should have been deducted for advertising than was reported to the Master, and we have established some charges against Wrigley's Doublemint for advertising on painted walls which at the time we made up the account we did not have before us. Those adjustments are all being included in an adjustment account which we are preparing which will disclose the little errors for and against us which we have discovered since we completed the account as presented to the master. Painted wall advertising is very similar to bill posting. A large firm which is experienced at painting walls takes the order for the advertising, attends to the leasing of the spaces, the painting of the spaces, and
854 to the application of the copy we hand to them. The case of painted walls is the most striking illustration we can have of the effect of advertising any one particular
(2202) brand. It is a better sample of the illustration than is either bill boards or newspaper advertising because on painted walls they are of such a nature that you can sometimes only put on one brand and make it readable. If you fill up a painted wall with a lot of copy, it is unreadable and invisible, practically, as far as what you want to advertise is concerned. Therefore, in painted walls we have mostly used one brand to advertise at a time. We have gone, for instance, into New York City and painted nothing but Wrigley's Doublemint on some walls, and in some sections we have not even used on those walls in those cases any general language which would apply to any other brand of chewing gum than

Wrigley's Doublemint. We have not done any painting
855 on walls to any extent in 1918 and we discontinued our large expenditures for painted walls in 1917. During the years 1915, 1916 and part of 1917 our expenditure for painted walls was roughly at the rate of $300,000 per annum extending all over the U. S. A. In 1914 it was principally Spearmint. Towards the latter end when we began to issue Wrigley's Doublemint we started painting special walls of Wrigley's Doublemint. In 1915 there was probably a preponderance of walls devoted entirely to Wrigley's Doublemint. In 1916 we painted Wrigley's Spearmint and Wrigley's Doublemint about 50% each, in most cases not on the same wall. It had to be a very big wall where we could put two brands and we never painted three brands on any one wall space. In 1916 the proportion of painted walls for Wrigley's Doublemint was probably more than one-half. In 1915 we roughly
856 expended in walls for Wrigley's Spearmint $130,000 or $140,000 and about $160,000 or $170,000 for painting on walls a reproduction or picture of Wrigley's Doublemint package. The language used there would be "Wrigley's"—the package—and underneath the package the
(2203) words, "New Peppermint Flavor". In 1916 we spent for wall painting of that type, limited entirely to Doublemint, about $130,000 or $140,000, and in 1917 probably not more than $50,000 or $60,000. We have done no wall painting in 1918 with the exception of one little sign on North Michigan Blvd. which was a trial sign and which, I believe, was painted since the account was presented to the Master. That space cost us nothing.

857 The poster that Mr. Aldrich asked me about was a 24 sheet poster that we put out in the year 1916. It was a poster advertising with equal prominence Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit. One must not forget in poster advertising, if there is not any prominence given whatever to the thing advertised, that it is not very readable. In other words, we have to make a poster as plain as we can with as little on it and with as much strength to what we have on it as
858 is possible. That's the reason why we put the big Wrigley's on. The package can be seen at a glance by the colors, what they are. The consuming public can connect very easily colors on a package with the actual thing that is for sale, but the big Wrigley's, in passing, calls atten-

tion to the fact that it is Wrigley's chewing gum which is being advertised on there, and the package gives immediately the impression to the mind of what is being advertised although Wrigley's on the package cannot be read. The colors on the package are pretty distinct. By seeing, for instance, at a distance the impression of the Wrigley's Juicy Fruit package and the big Wrigley's you grasp immediately that it is Wrigley's Juicy Fruit that is advertised, the spear on the Spearmint gives you the impression that it is Wrigley's Spearmint, the double
859 ended spear on the Doublemint, of Wrigley's Doublemint. About the time in 1916 that this bill board was posted
(2204) throughout the U. S. A. we began to give more prominence to the name "Wrigley's" than was conveyed by the package itself. Up to that time the only prominence given to the word "Wrigley's" was practically confined by the limits of the package on which the name "Wrigley's" appeared. The bill board that Mr. Aldrich described had a general distribution. Our posters of twenty-four sheets are usually of general distribution.
860 We post from Maine to California and from Washington to Florida. The bill board sheets are called 24 sheets. They are 20 feet by 10 feet. The expression "24 sheet" means originally on this space there were 24 sheets of paper, but with the increase of the capacity of machines for printing sheets, instead of putting 24 sheets on this space of 20 feet by 10 feet, they now print it in ten
861 sheets but still stick to the old designation. The advertisements are printed upon sheets of paper which are placed on the bill board in such a way as to be readily readable and we have been doing extensive bill board advertising during the accounting period. In the fall of 1914 we advertised nothing else on bill boards but Wrigley's Doublemint. This was an extra campaign to the one we had previously had in 1914 where we advertised Wrigley's Spearmint; in 1915 we advertised Wrigley's Doublemint and Wrigley's Spearmint with equal prominence. Without referring to the books I cannot say exactly how much we spent for bill board advertising of Doublemint in 1914, but, if my recollection serves me right, it was about $98,000. The matter printed on those bill boards that advertised Doublemint in 1914 was a big reproduction of Wrigley's Doublemint package, and at the foot a notation in small print "Made by the manu-

facturers of the famous Wrigley's Spearmint". In addi-
862 tion, on the right hand-side, a reference that Wrigley's
Doublemint was packed in United Profit Sharing Cou-
(2205) pons. The advertising of Wrigley's Doublemint started in August, 1914, but the bill boards which we have just been talking about were put up in September, 1914, for the first time. The only prominent feature of that poster, which was a very simple one, was the Wrigley's Doublemint package. The words "Made by the manufacturers of the famous Wrigley's Spearmint" was only discernible at very short vision and with our present views on advertising we would call it a waste of space to put on such small type as that was in. We had a similar
863 bill board advertising of Doublemint only in 1915. We probably used a good many of the 24 sheet posters only advertising Wrigley's Doublemint, but the major portion of them advertised both Wrigley's Spearmint and Wrigley's Doublemint. The most prominent feature of the posters we used in 1915 were the reproduction of the package of Wrigley's Spearmint and Wrigley's Doublemint. We at that time did not use to any great prominence the single word "Wrigley's". That is true also of the bill boards which we used in 1914 and would be true also of the wall painting in 1915 and in 1916. We could not reproduce the package very well without putting
864 the word "Wrigley's" on it, but we did not make a separate, independent part of the advertising the name "Wrigley's" at that time. At that time the name "Wrigley's" was added only as it was found on the package portrayed, principally, that is, there may have been single exceptions. Mr. Aldrich then says he recollects but does not affirm that he saw a Doublemint bill board in the autumn of 1915 at Austin and LaSalle Streets on which Wrigley's name appeared in a rather prominent way aside from it being on the Doublemint package that was there portrayed, and the witness replied that it is pos-
865 sible, but that the word could not have been as prominent as one might infer from what Mr. Aldrich stated because the package on that poster was diagonal and it therefore
(2206) would not leave the whole space across the poster for the use of the word "Wrigley's".

During the entire accounting period street car advertising has been an extensive means of advertising and we spent some three or four hundred thousand dollars every

year on street car advertising. We have very consistent advertising in all street cars in the U. S. A. We were spending about that much money in street car advertising for a few years next before August 1, 1914. We advertised in street cars since 1906. That advertising is done by means of a street car card 11 by 21 inches on which we portray in colors the brands we want to sell. In 1914 we had a special Doublemint campaign which showed nothing on the card with the exception of "Wrigley's Doublemint", not even the package, but made mention down at the foot that it was made by the manufac-
866 turers of the famous Wrigley's Spearmint. I cannot say without referring to the books exactly what we spent in our 1914 street car advertising campaign, but I think it would amount to seventy or eighty thousand dollars, and if I remember rightly, it stretched over three or four months. That was what we called the introductory Doublemint campaign which ran coevally with the newspapers and bill boards and other items of advertising that we were putting out at that time to get the distribution and the sale of Wrigley's Doublemint as large as we could to start with. In 1915 we changed our street car card copies so as to include in the greater number of cases with equal prominence Wrigley's Spearmint and Wrigley's Doublemint. Some cards had both Wrigley's Spearmint and Wrigley's Doublemint, and some had only Wrigley's Spearmint, while others had only Wrigley's
867 Doublemint. Approximately three to four hundred thousand dollars was spent for this in 1915. In 1915 we roughly allocated, without reference to exact figures,
867 about 50% to Wrigley's Spearmint and 50% to Wrigley's
(2207) Doublemint. The proof of advertising is vary apparent in this case again. Where we inserted our card advertising Wrigley's Doublemint our sales of Doublemint have been very much greater than where we had to rely upon straight advertising of Wrigley's Doublemint in newspapers. This proves that the advertising of
868 Wrigley's Doublemint was what sold that brand. A brand of chewing gum does not sell by diffusion from great centers. If we want to sell in the country, we have to find out methods of advertising in the country. In great centers we use street cars, bill boards, electric signs, bulletins and newspapers, therefore we usually get quicker distribution where our largest amount of adver-

tising is, in comparison with the country business where there are less methods of advertising and where the advertising is not so intense. I don't think there is very much doubt that without advertising we could not sell our brands. Where we have not advertised we have not any sales. The sales of brands always follow the advertising and are heavy in districts where we have advertised heavily and are light in districts where we adver-
869 tise lightly. In other words, a brand advertised increases in sales, while the same brand not advertised decreases in sales. Advertising one brand of Wrigley's gum does not help sales of Wrigley's other brands. Where we have used specific campaigns to advertise any one particular brand of gum it has not followed I think scarcely in any instance, where the sales of the other brands have increased. As a matter of fact we can point to cases where we have advertised one particular brand of gum and forced the sale of that particular brand to the disadvantage of the other brands of gum. I don't mean that the disadvantage was intentional on our part.

(2208) We cannot point to any one single brand of gum
870 which has increased in sales which has been increased because we advertised another brand of gum. That is not at all because of any inferiority of our goods. Our various brands are very similar in quality. I do not think a difference can be detected; the difference is chiefly in the flavor. Beech-Nut gum is not on every stand in the
871 U. S. A. and it is not unadvertised. At present it is very hard to procure. Beech-Nut advertises by a system of detail men that scour the country and cover every retail store and advertise their goods by window displays, by word of mouth, special offers and by other means, includ-
873 ing magazine advertisements. About half of the three to four hundred thousand dollars that we expended in 1915 for street car advertising was for separate cards advertising only Doublemint. This is speaking roughly, but we have not taken any rough guesses in the statement as prepared for the master, where we have taken exact space.

"Q. I understand that. Now, take 1916, will your street car advertising be about the same?

A. The street car advertising campaign during the
874 year 1916 was practically on the same lines as 1915 with approximately the same cost and the same manner of allocation.

Q. So that you think about $150,000 to $200,000 was spent for advertising Doublemint alone?

A. Yes, sir.

Q. In street cars in 1916?

A. Yes, sir.

Q. How about 1917?

A. In 1917 we started to add to our—I will correct my statement now before it goes any further with regard to 1916. In 1916 we started to introduce through our street car campaign Wrigley's Juicy Fruit Export, therefore the proportionate charge for Wrigley's Doublemint was not as large as I previously stated, it would probably be somewhere in the neighborhood of $100,000 to $200,000.

Q. For what year?

A. For 1916. In 1917 our street car advertising advertised all three brands with equal prominence, and the allocation has been, oh roughly, on the basis of 33⅓% to each brand, although, in this case, we have charged to Wrigley's Doublemint the exact amount of space in the manner I have previously explained.

Q. About how much did you spend for street car advertising for Doublemint in 1917?

875 A. In 1917 the total expenditure for street car advertising was about $250,000 to $300,000. A larger amount I think in that year has been allocated to Wrigley's Juicy Fruit Export than either Wrigley's Doublemint or Wrigley's Spearmint, leaving about 30% of the total charge chargeable to Wrigley's Doublemint.

(2209) A. That would be in dollars how much?

875 A. About eighty to ninety thousand dollars."

We were pusuing these different methods, that is, bill boards, street cars and walls at the same time. We ran them right along together where we could. We used all methods at the same time and practically for every year

876 the same methods. For the 1918 period we allocated to Doublemint approximately $8,000 a month for advertising. In addition to the wall painting, bill boards and street cars, we advertised very extensively in newspapers. I am somewhat doubtful whether there are any advertisements in newspapers in which we advertised Wrigley's Doublemint solely. There are many advertisements in which Wrigley's Doublemint has a greater prominence than Wrigley's Spearmint. I have in mind now some

advertisements which we put out which refer solely to
877 Wrigley's Doubelmint with a small remark at the bottom of the space used that it was made by the manufacturers of the famous Wrigley's Spearmint. These advertisements in advertising parlance would be called Doublemint advertisements. An advertiser would attach no importance to the remark at the bottom of the page with the exception that that remark was put in there to hitch up the prominence of Wrigley's Spearmint with Wrigley's Doublemint. We charged the whole of that advertisement to Doublemint. Larson Exhibits 4 to 8, both inclusive, are limited to the Spearmint brand and
878 in some of those cases the prominence of the "Wrigley's" is greater than in Larson Exhibit 9, the December 12, 1914, Saturday Evening Post. We have not charged Doublemint with a single penny for any of those Saturday Evening Posts which advertise the Spearmint brand only. We had not taken any advertisement into consideration which appeared prior to the accounting. We have not made any charge for Doublemint for the Saturday
(2210) Evening Post of August 8, 1914, which is Larson
879 Exhibit 7, and advertises Wrigley's Spearmint. Where the Saturday Evening Post advertisements make no reference to Doublemint, we have made no charge against
880 Doublemint, and we ignored the fact that there is general editorial writing regarding the advertised article. Larson Exhibit No. 8 is a double page advertisement in the October 31, 1914 Saturday Evening Post and it is in
882 colors and cost us $10,670. for one advertisement. In the account which we filed with the Master we charged Doublemint with $104.31 because of the only reference thereon to Doublemint which is a two line notation reading "United Profit-Sharing Coupons also come with Wrigley's", followed by a double red spear on which in white appears the word "Doublemint". We have not charged Doublemint with anything on account of the cost of the space on that exhibit which is occupied by the reproductions of parts of the coupons in the border.
883 I have before me my actual working sheets referring to Larson Exhibit No. 8 used in making my account for the master. I arrived at the figure $104.31 as properly chargeable to the Doublemint sales as follows:

We took the total size of the space occupied by the Wrigley advertisement, found out then what proportion

of the total size was occupied by the "United Profit-Sharing Coupons also come with Wrigley's Doublemint" (logo-type) and then divided this percentage into the total cost, arriving thereby at the cost of the advertisement which we have charged to Wrigley's Doublemint in the account filed with the master which is $104.31 of a total cost of $10,670. We have drawn a line between the
884 paragraph referring to Doublemint and the preceding paragraph exactly in the middle of the space between "full-flavored" and "United", and then beneath the paragraph referring to Doublemint we have drawn a line
(2211) equi-distant from the "Wrigley's". We have then
884 joined up the ends at "United" and found out what amount of space was covered by that particular space. The proportion of that space as to the total space has been divided into the total cost, and the resultant sum is the sum we have charged to Wrigley's Doublemint. We took more than the space physically occupied by the Doublemint portion of the advertisement and made allowances for lines above and below and to the sides. Some space is absolutely necessary to make the language readable in the advertisement, and the space that we allowed immediately surrounding the printed matter pertaining
885 to Doublemint was to the same extent as was actually found in connection with the balance of the reading matter in the advertisement.

February 17, 1919.

I have brought here photographic reproductions of the posters, street car cards, electric signs, newspaper and magazine advertising which we did during the period covered by the accounting as submitted to the Master
886 and we have also brought reproductions of advertising previously made. I have brought seven books, five of which are borrowed from our advertising agency, Stewart Davis Advertising Agency, as we do not keep these newspaper and magazine proofs in our office. The other two books are our own. The Stewart Davis Advertising Agency is, I believe, a partnership composed of S. E.
887 Stewart, John N. Stewart and Mr. Davis. We have no financial interest in the agency whatsoever and our relations to that concern are the same as they would be to any independent advertising agency. The seven volumes that I have brought contain the bulk, but not all, of the advertising of the Wm. Wrigley Jr. Company during

the period covered by those volumes. There are some sundry items such as circulars which are in very volu-
(2212) minous books which we keep over at our general offices. These items are very much inferior in nature to the items we have here before us. The seven books contain accurate proofs or reproductions of all the other advertising. I think the advertising that we have not brought reproductions of, or exact copies of the various items,
888 would amount to about eighty or ninety thousand dollars over the whole period as shown in the account submitted to the master. These other items consist of cut-outs, metal signs and the like, particularly for window display work, and we have the originals all in stock. Thereupon Mr. Mayer stated that they are subject to examination at such time and such place as the Master may desire. The witness continued as follows:

The seven volumes produced go back as far as 1911 as to newpaper and magazine advertising, and the reproductions of posters go back as far as about 1912, and the street car advertising goes back as far as the moment when we started to advertise Wrigley's Doublemint in
889 street cars. The witness then identifies one of the seven volumes and says that it is a scrap book and shows the very esarliest advertising of which the Stewart Davis Advertising Agency has been able to find proof. The book is marked for identification Larson Exhibit 30. The
890 witness says that it is the property of the Stewart Davis Advertising Agency and contains the proofs of the Wrigley advertising from 1911 in chronological order, with practically every copy in, and certainly every copy since 1913 of the newspaper advertising up to the Canadian fall advertising of the year 1914. Page 5 of that volume
891 shows advertisement No. 5 which we used in 1911 in the U. S. A. and probably also in Canada. The pages in Larson Exhibit 30 are apparently numbered consecutively. The last page is numbered 240. The last adver-
(2213) tisement in this volume is pasted on the inside of the back cover and is an advertisement of the Sterling Gum Company and not of the Wrigley Company. The adver-
892 tisements in Larson Exhibit 30 run in chronological order from 1911 to and including the fall of 1914. Another of these seven volumes, which is now marked for identification as Larson Exhibit 31, belongs to the Stewart Davis Advertising Agency and contains proofs of the Wrigley

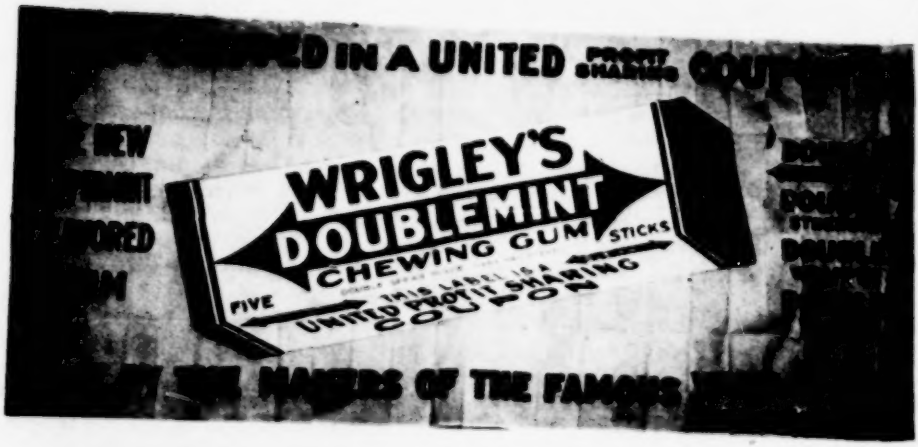
advertising from the spring of 1915 until June, 1917, commencing at page 1 with the U. S. newspaper series, spring of 1915, and ending on page 236 with a Western Newspaper Union's proof of June, 1917. The third volume of the Stewart Davis Advertising Agency was
894 marked Larson Exhibit 32 for identification, and contains newspaper advertising from April, 1917, to the present time. It is used every day by the Stewart Davis Advertising Company. The next or fourth volume which I brought here is a scrap book of the Stewart Davis Advertising Agency which contains proofs of the Wrigley advertising in periodicals beginning July 20, 1911, which fourth volume was marked for identification, Larson Ex-
895 hibit 33. The next volume is a scrap book of the Stewart Davis Advertising Agency containing proofs of the advertisements of the Wm. Wrigley Jr. Company which appeared in periodicals and magazines beginning Sep-
896 tember, 1918, and ending at the present time. This book is also a current book and is in daily use, and was marked Larson Exhibit 34 for identification. There are also copies of advertisements in magazines contained in
897 Larson Exhibit 33 for identification. I included magazines in the expression "periodicals". The next volume is a scrap book in which are pasted somewhat promiscuously a few copies of small box inserts. These are advertisements on light cardboard stock; furthermore photographic reproductions, sometimes colored, of our various posters and of an enamel sign, and at the rear end of the book a photographic reproduction of all our
(2214) street car advertisements since September, 1914. That covers from September, 1914, up to the present time. The book was marked Larson Exhibit 35 for
898 identification. That book is mine. The seventh volume which I brought here is a loose leaf album in which we have pasted photographic reproductions of window displays and of our electric signs, bulletins and wall paintings, both in this country and in various other countries. I cannot tell when the window display ad which appears on page 1 of that volume appeared, but it was at least in the year 1913, or before. The last photograph in this album (the seventh album) is a reproduction of a Spearmint bulletin in Parkersburg, West Virginia. That book was marked Larson Exhibit 36 for identification. There is a photographic reproduction of the bill board referred

899 to by Mr. Aldrich last Saturday in Larson Exhibit 35 at the lower left hand on page 107, which is mounted on a loose sheet and pasted in the book.

916 Mr. Mayer offered and there was received in evidence photograph just identified by the witness, as Larson Exhibit 37, and it was agreed that a copy may be substituted in the record in lieu of the original photographic copy of the advertisement. And Mr. Aldrich then said that the agreement for substituting a copy in lieu of the original exhibit will be an understanding that will prevail as to all such offers. Said photographic copy of said exhibit was marked Larson Exhibit 37 and is as follows:

LARSON EXHIBIT NO. 37

FIRST - DOUBLEMIMT - BILLBOARD ADVERTISEMENT



(2216) The colors, such as red, are not shown on Larson
900 Exhibit 37. The bill board on which Larson Exhibit 37
901 appeared was a 24 sheet bill board, approximately 20 feet by 10 feet. No part of the cost of that advertisement was charged to the general business because of the fact that "Wrigley's" appears thereon in large type. That poster refers only and advertises only Wrigley's Doublemint, using the connection, "Made by the makers of the famous Wrigley's Spearmint", to identfy the package with the makers of Wrigley's Spearmint. The height of the letters in the word, "Wrigley's", as it appears on the picture of the Doublemint package on the original bill board, are slightly over one foot, and the width of the word, "Wrigley's", on the poster in question was roughly six feet. It may vary by an inch, or two. The word, "Doublemint", on the original poster
902 occupied in width a little over seven feet and in height about one foot. There is no doubt about the word, "Doublemint", being the most conspicuous word on that poster, as the letters are open faced or white letters on a brilliant red background, whereas, the word, "Wrigley's", is a grass green on a white ground. The word, "Doublemint", was more conspicuous on that bill board, both on account of the size of the letters and also on account of their coloring. On the original poster the words, "Made by the makers of the famous", are about eight inches high uniformly. The height of the letters of the
903 word "Wrigley's", on the bottom line and above the spear was about four inches on the original poster. The width of the last two words on the poster, "Wrigley's" and "Spearmint", was each about three and one-half feet. From a poster standpoint "Wrigley's Spearmint" are of a secondary nature. On a 24 sheet poster the principal object is to call attention to what can be read at a glance. Nobody, I believe, stands to watch and study what is on a poster. The conspicuousness of the article advertised must be apparent. For a close reader, or at a short distance, the phrase, "Made by the makers of the famous Wrigley's Spearmint", is read-
904 able, but for any long distance—for railway showings, or for long distance showings, which are the terms known in the bill posting trade for anything more than a street

showing, the phrase would be practically of no use. That poster was displayed in October, 1914.

We did not keep any close figures of Spearmint sales before May 1st, 1907, as they are thrown in with miscellaneous brands. I can now tell what the Spearmint sales were from May 1, 1907, to July 28, 1914, annually. The
905 sales of Spearmint were as follows:

From May 1, 1907, to December 31, 1907,..	$ 170,144.04;
1908,.....	1,345,862.32;
1909,.....	2,444,185.92;
1910,.....	3,372,776.00;
1911,.....	4,370,213.32;
1912,.....	5,686,779.88;
1913,.....	6,971,277.28;
January 1, 1914, to the end of July, 1914,.	3,601,412.16.
Total.....	$27,962,640.92

I can give the figures showing the sales by the Wm. Wrigley Jr. Company and its predecessors from 1904 to the end of July, 1914, of everything, that is, gum and merchandise. Those total sales were as follows:

1904.....	$ 804,481.41
1905.....	851,653.60
1906.....	1,463,732.39
1907.....	1,698,667.90
1908.....	2,259,923.24
1909.....	3,346,940.75
1910.....	4,445,029.57
1911.....	5,860,464.58
1912.....	7,283,151.82
1913.....	8,973,137.89
906 Jan. 1 to end of July, 1914...	4,485,803.77
Total.....	$41,472,986.92

(2218) I have figured how much of Wrigley's Spearmint was
906 sold beginning with the accounting period and up to January 1, 1919. Those soles are as follows:

From August 1, 1914, to December 31, 1914.	$ 2,233,875.04
1915	6,835,213.56
1916	8,156,444.40
1917	8,378,185.04
January 1st to November 12, 1918, both dates inclusive,	6,845,576.65
907 Total	$32,469,294.69
From November 13, 1918 to January 1, 1919	860,264.90
From May 1, 1907 to January 1, 1919, a total of	$61,292,200.51

Mr. Aldrich then asked what the sales of Doublemint 910 were from November 12, 1918, to January 1, 1919, and 911 the witness said it would take a day or two to get them, but we can do so.

913 The total sales of all chewing gum and merchandise from January 1, 1918, to November 12, 1918, were $15,214,994.80. Mr. Aldrich then stated that he had sought by repeated questions in the record to ascertain the total sales of all gums manufactured by the Wrigley Company during the accounting period, omitting merchandise, and that he has been unable to get the information on the ground that the Wrigley Company did not have it segregated, and that, under the master's ruling, he (Mr. Aldrich) was not entitled to ask the Wrigley Company to do the work necessary to make the separation of gum sales from the merchandise or premium sales, and that he has no means, except through the aid of the Wrigley Company or through Mr. Hall, who is investigating the books of the Wrigley Company, of making this segregation, and Mr. Aldrich said that if he cannot get it from these witnesses that he desires to put on the record a request that Mr. Hall make such a segregation as he (Mr. (2219) Aldrich) has requested for the purpose of this accounting, and that he (Mr. Aldrich) desires the segregation to be made according to the period of the account as filed. Mr. Mayer replied that there is no objection.

914 Thereupon the Master entered a direction to Mr. Hall to segregate the sale of gum from the sales of other merchandise during the accounting period, divided into the same periods as those in the account filed. Thereupon

Mr. Mayer asked Mr. Aldrich whether he desired Mr. Hall to make a separate report as soon as he has done that, and Mr. Aldrich replied in the affirmative, and it was then agreed that Mr. Hall should make his report as soon as possible, and Mr. Aldrich stated that it would be done, if possible, during this intermission. Mr. Mayer
915 then says that he presumes the master understands that his (Mr. Mayer's) omission to object does not waive the requirement that the Larson Company pay for the work in the first instance. Mr. Aldrich replied that he is making no question about payment, and that Mr. Hall's bills have been paid on presentation.

The witness continued:

The grand total of all sales made by the Wrigley Company from November 13, 1918, to January 1, 1919, was $1,845,860.63. The grand total of all sales made by the Wrigley Company from January 1, 1904, to the end of 1918 was, $99,969,720.69.

915-918 I now have before me page 206 of Larson Exhibit 30 for identification which shows the first newspaper advertisement of Doublemint.

916 Said advertisement was offered and received in evidence as "Larson Exhibit 38: First Doublemint Newspaper Advertisement, September, 1914," and is as follows:

Larson Ex. 38
First Doublemint
Newspaper
advertisement
Sept 1914.

You Love Peppermint, Don't You?

Here is a l-o-n-g l-a-s-t-i-n-g, luscious confection to roll under your tongue with keen delight! The newest chewing gum—

DOUBLE strength Peppermint — lots of "Pep!" DOUBLE wrapped and SEALED to keep it always fresh and full-flavored.

DOUBLE value—the outer band is a United PROFIT SHARING Coupon good toward valuable presents.

UNITED PSC

Try it—see how good it is!

Made by Wm. Wrigley Jr. Co., manufacturers of the famous [redacted]—sold everywhere.

A Package a Day Keeps the Blues Away! 1

V

11-919

(2221) The witness produced a book and pointed to a photo-
920 graph of an electric sign of Doublemint contained therein and testified:— That sign is at 32nd Street and Broadway, New York and was used exclusively to advertise nothing but Wrigley's Doublemint from, I believe, October 9, 1915 to October 30, 1916. It was an alternating sign, showing first a picture of an old Japanese pelican with an enormous beak. A man could stand in the ring which forms the eye and would not be able to reach from the lower end of the ring to the upper end with outstretched arms. The diameter of the eye is six or eight feet. The sign is 154 feet long, 58 feet high and its bill is 132 feet in length. It is the largest sign of its kind in
921 the world. The sign is on the Great White Way in New York City and shows through Herald Square and up Broadway to Times Square, a distance of more than half a mile. The crowds along Broadway delight to watch the bill open and close while the reading matter shown is disclosed and a line of electric letters flash above on top of the sign,—"Fills the bill". The first change of the sign reads,—"A new one", over the beak of the pelican, and the second change shows the pelican with the beak open,—"Wrigley's Doublemint Peppermint Flavor", and a part of the reproduction of the package coming out of the beak of the pelican with part of the word, "Doublemint", appearing in the throat. The next change is with the beak closed and above the beak the words,—"Fills the bill". Consecutively it reads as follows: 1st,—"A new one", second,—"Wrigley's Doublemint Peppermint Flavor", third and last,—"Fills the bill". We have photographic reproductions of the first two changes.
922 That sign cost us $15,000.00 a year. We have another electric sign on the Putnam Building at 44th Street and Broadway in New York City. We only sell Wrigley's
(2222) Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export in New York City and we never sold or advertised any other brands there. The electric sign on the Putnam Building is the largest electric sign in the world and contains about 18,000 lamps. It advertises
923 with equal prominence Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export. The sign is 250 feet long and 58 feet high. The colored bulbs are, I think, 16 candle power bulbs. This sign alternates. The first change reads,—"Wrigley's Spearmint"; the

second change shows—"Wrigley's Doublemint", and the third change shows,—"Wrigley's Juicy Fruit", at the same time changing all of these little spearmen figures on each side who have a sort of a military drill, and then the peacock's tail scintillates and the fountains at the end scintillate to give the appearance of a running multicolored fountain. That sign has been in operation about two years. We have allocated its expense one-third to each brand. I have given all the words that are advertised by that sign. That sign costs us $60,000 a year.
924 We had the pelican electric sign at 32nd Street before we advertised Wrigley's Doublemint. It then advertised Wrigley's Spearmint. We have had that sign at 32nd Street for many years. When we were trying to put Doublemint on the New York market, using the same energy as we used in the other parts of the country, we used that sign exclusively to advertise Wrigley's Doublemint and we charged the expense of that sign while it was advertising Wrigley's Doublemint only to Doublemint. In the pelican electric sign, the height of the word,
925 "Wrigley's", was a little more than the height of the Doublemint letters, and the width of "Doublemint" is, if anything, a little more than that of "Wrigley's", but there is the following difference: "Wrigley's" is a single column of lights, whereas, "Doublemint" is a double
(2223) column of lights, so that the word, "Doublemint", was very much more visible than the word, "Wrigley's". After that appeared we had the sign changed to read, "Wrigley's after every meal. Spearmint, Doublemint, Juicy Fruit," and in that advertisement, each of the brands occupied the same space, and in our accounting we charged Doublemint with one-third of the cost of the
926 sign while it was running in this way. The electric sign at 32nd Street was the first electric sign advertisement of Doublemint.

The first street car advertising of Doublemint was the series D 64 which were made in August, 1914 and went into effect in street cars in September, 1914. It is shown on the right hand side at page 174 of Larson Exhibit 35. There are six in the set. The way these cards are printed, there are six on a stone and we order an equal quantity of all cards. These cards are sent to a city in bulk so
927 that there is an equal quantity of each card sent to each point. They are then put up indiscriminately in the

street cars, one in a car that we pay for and we usually get one in a car that we don't pay for.

The first magazine proof of a Doublemint advertisement that I can find is Larson Exhibit 8, the Saturday Evening Post of October 31, 1914. It is on page 139 of Larson Exhibit 33 for identification. I have not any copies of painted walls but I have copies of painted bulletins which are executed in exactly the same way as painted walls with the exception that a bulletin is usually on wood in contra-distinction to the paint on bricks, but
928 the appearance of the advertising itself is the same. I have before me in Larson Exhibit 36 for identification several such photographs. One appears at page 163. It shows, besides other matter, diagonally across the space, a large reproduction of a package with the words, "Wrigley's Doublemint", superimposed by white letters on a
(2224) red spear. Underneath the package are Spanish
929 words which mean, "Preserves the teeth. Aids digestion". The cost of that sign was charged to Doublemint.
930 The next sheet shows a photograph of a street scene with a picture of a large bill-board. That also shows, among other matter, a picture of Wrigley's Spearmint package,
931 and has Spanish words on it. No part of the expense of
932 that advertisement is charged to Doublemint. I doubt whether the word, "Wrigley's", is as conspicuous on the package shown on page 163 as the word, "Doublemint", as the latter word is white on glaring red, whereas, "Wrigley's", is grass green on white. The two photographs shown on pages 163 and 165 are copies of actual bulletins that we displayed in Havana. I don't think we have in the scrap books any window displays showing
933 Wrigley's Doublemint, as when those displays were used, we did not have any instruction for the use of Wrigley's Doublemint advertising. I notice there are one or two, however, showing Wrigley's Doublemint in connection with a window poster we used. We have some card board window displays but they are not in this book showing the window displays we put out where we advertised Wrigley's Doublemint and Wrigley's Spearmint in the U. S. A. The most prominent thing here is the window posters and the transparencies. The witness then identified a photograph showing the display window of a candy store. It is marked "Gutshall's Candies". The witness then put his initials, "W. H. S.", on the pho-

tograph and continued:— The packages which you see
934 in this picture are what we call dummy cartons. The pieces at the side of the window with the two packages, which are shown obliquely in the upper portion of the window near the flag and the center piece about Wrigley's Spearmint with coupons, calling attention to the
(2225) coupons, is a part of a window poster. The two packages at the foot of the window portraying Wrigley's Spearmint and Wrigley's Doublemint are transparencies. The charge for that advertisement has been allocated as the cost of the material used in the window display. If we used six dummy cartons of Wrigley's Doublemint used and allocated that to Doublemint. But we have not
935 charged anything for the Wrigley's Spearmint cartons. We make up separate dummy cartons advertising one brand only. It is an enlarged copy of the package for display purposes. As we know exactly what the cartons cost per piece, the charge against Doublemint would be the actual cost of the cartons shown in the window display. The space in the window costs us nothing and therefore there is no charge for it.

Page 97, Larson Exhibit 35 shows three pieces of cardboard, each of which is complete in itself, and is
936 what we call a cut-out. Two of those cards refer only to Wrigley's Spearmint, and no part of their cost was
937 charged to Doublemint in the accounting here. The third cardboard shows "Wrigley's Doublemint," and its expense was charged only to Doublemint. We put out many millions of these cardboard cut-outs, which are called box inserts. The series of Spearmint box inserts
938 consist of three designs, and the Doublemint series consisted of three cut-outs. No part of the cut-outs which bear as an advertisement nothing but the Spearmint package and the mention of the U. P. S. coupons has been charged to Doublemint. The cut-outs which bore the Doublemint package and a mention of the U. P. S. coupons have been charged to Doublemint. The original cut-outs were provided with a little easel so they would stand up. We advertised Doublemint at the time we were putting these out in every way we could and used every opportunity. The object of putting out these little
(2226) cut-outs throughout the country was to get them on
938 every dealers' counter where they got any Wrigley's gum at all for sale, whether it was any brand besides

Spearmint and Doublemint, or not. We put one cut-out in each box that we sent out during that period.

939 We put a Spearmint cut-out in some boxes and a Doublemint cut-out in others. We sent the cut-outs to the retailer,—he would merely get as many of each cut-out as he got boxes during the period we were putting these cut-outs out. Previous to putting out the small boy and small girl cut-outs, we had a folding cut-out

940 which was used as an insert and which advertised with equal prominence Wrigley's Spearmint and Wrigley's Doublemint. They are on page 96 of Larson Exhibit 36. Everything on page 96 is a part of a sectional cardboard

943 insert. 50% of this cardboard insert was allocated to

944 Doublemint. I have made no thorough search as to the Beech-Nut's advertising because they advertise pretty extensively. We had one of their advertisements in our files which Mr. Mayer then offered and which was received in evidence as Larson Exhibit 39 and which ad-

946 vertises "Beech-Nut chewing gum." The Beech-Nut people put up their chewing gum with their bacon just as we do Doublemint with merchandise. Larson Exhibit 39 is a college paper of general circulation.

(2227) Tuesday, March 4, 1919.

947 Mr. Aldrich admitted that on a portion of two and a half days the Larson Company had examined the seven books of advertising which the witness, Mr. Stanley, had presented at a prior hearing and that the Larson Company was afforded every opportunity of examining those books that they requested.

948 The witness WILLIAM H. STANLEY, then testified on cross-examination by counsel for the Wrigley Company:

Since the last hearing, at which my attention was drawn to the advertisement of Beech-Nut chewing gum that has been offered in evidence as Larson Exhibit 39, we have found further public advertisements of Beech-Nut chewing gum. We have found in national magazines several advertisements which refer to and advertise Beech-Nut chewing gum and one page we have found which is a full page colored advertisement which

appeared in the Woman's Home Companion of June, 1916, the major portion of which refers to their chewing gum. There are, in addition to those, several advertisements which appeared in the Saturday Evening Post and some in the Ladies Home Journal of Beech-Nut chewing gum. These advertisements were under various dates. I think altogether there are about thirty advertisements
949 which mention Beech-Nut chewing gum. They are the Saturday Evening Post of January 8, 1916, January 29, 1916, February 19, 1916, March 18, 1916, April 22, 1916, May 20, 1916, June 10, 1916, September 2, 1916, September 23, 1916, October 21, 1916, November 18, 1916, January 6, 1917, January 13, 1917, January 20 and 27, 1917, February 10 and February 24, 1917, March 3 and March 31, 1917, April 7 and April 28, 1917, May 12 and May 26, 1917, June 2 and June 23, 1917, July 7 and July 28, 1917, August 11, August 25, 1917, September 2, September 29,
(2228) October 6, October 20, 1917, November 3, November
949 24, 1917, December 1 and December 29, 1917. There are some advertisements in the Ladies Home Journal. The
950 dates which I have previously given are the issues of the Saturday Evening Post which contain advertising of the Beech-Nut chewing gum. These advertisements to which I referred are some of the advertisements that the Beech-Nut Company has placed in National magazines. In addition to these there are thousands of dollars they have spent in advertising chewing gum. I believe at one time they had as many as 120 men doing nothing else but advertising their chewing gum, orally and by window displays. I have before me several of the Saturday Evening Post advertisements, not all of them, but the principal ones.

(Mr. Mayer then stated that he offered the advertisements to counsel for the Larson Company for inspection and that if they wanted them in evidence, there would be no objection.) The witness then resumed:

The cost of an agate line in the Saturday Evening Post is eight dollars per line. The full colored page ad-
951 vertisements of the Woman's Home Companion costs $5,750.00. I have that page here which costs $5750.00. I have not segregated the cost of the advertisements which should be charged in a departmental way to Beech-Nut chewing gum. They vary greatly in size and importance. The apportionment to Beech-Nut chewing

gum in the issue of January 6, 1917 would be about $16.00. These various advertisements that I have here advertise Beech-Nut chewing gum and other things that are handled by that chewing gum company but each advertisement includes an advertisement of the Beech-Nut chewing gum.

952 (Mr. Mayer then offered in evidence the advertisement (2229) of June, 1916 appearing in the Woman's Home Com- 952 panion and asked that it be marked Larson Exhibit 40, which advertisement so offered was received in evidence.

953 (Larson Exhibit 40—Beech-Nut Advertisement)

954 The witness continued: We have not by any means tried to delve into exactly what the Beech-Nut Company has done in the way of advertising chewing gum. These are just a few examples which have come under our notice from recollection.

(The witness was then asked over the objection of Mr. Aldrich, on the ground that the same was incompetent and immaterial, as to how much Vassar gum the Wrigley Company sold between 1913 and 1918 inclusive.) The witness said: The following are the yearly sales of Wrigley's Vassar from January 1, 1913 to the end of 1918 by years:

1913	236,226 boxes	1914	186,900	boxes
1915	72,064 "	1916	77,582	
1917	75,950 "	1918	46,193	

955 The witness then continued: The sale of Wrigley's Blood Orange chewing gum for the years from 1913 to 1918 were as follows:

1913	6,790 boxes	1914	3,143 boxes
1915	2,424 boxes	1916	2,524 boxes
1917	1,484 boxes	1918	189 which were

sold during the first six months of the year; none in the latter half of 1918. Vassar and Blood Orange and Lik-Ris are the names of brands of chewing gum manufactured and sold by the Wm. Wrigley Jr. Company during the period in question. The sales of Lik-Ris from 1913 to 1918, both inclusive, in boxes were

1913	17,442 boxes	1914	8,936
1915	4,792	1916	8,700
1917	107,532	1918	26,769

956 I believe I am correct in stating that the sizes of the sticks of Vassar and Blood Orange and Lik-Ris have not diminished in the years 1913 to 1918 inclusive and also
(2230) correct in stating that the quality has been improved
956 which is only the result of our experience. There were raises in the price of the brands under review, Wrigley's Vassar, Wrigley's Blood Orange and Wrigley's Lik-Ris in the years 1913, 1916 and 1917. I believe these price raises took place about the same time as the price was raised on Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export and there was a special reason for the enormous increase in 1917 in the sale of Lik-Ris. This reason was that in 1917 we had a special campaign on Wrigley's Lik-Ris by making a special offer to all jobbers or wholesalers and a special commis-
957 sion to all jobbers' salesmen. In addition we added the United Profit Sharing Coupon to this brand which had theretofore not carried a United Profit Sharing Coupon. The United Profit Sharing Coupon was added to the Lik-Ris brand in 1917 and prior to that date it did not carry the brand. The Vassar and Blood Orange brands never carried the United Profit Sharing Coupons. I should say the cause of the falling off in the quantity of sales in the Vassar and the Blood Orange and the Lik-Ris during the years 1913 to 1918 is the positive proof that the decrease of advertising accounts for the falling off. That is, with respect to these so-called miscellaneous brands, with the exception of Wrigley's Lik-Ris in 1917, when we had a big campaign on for this brand and sold a large quantity of goods. All the other goods—by that I refer to Vassar and Blood Orange—are decreasing in sales as we decrease our activities in the
958 advertising line of those particular brands. From 1913 to 1918 the figures in the testimony already show that we have considerably increased our advertising year by
(2231) year on the three principal brands, Wrigley's Spear-
958 mint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export. We have since the year 1914 decreased our activities in advertising and also our so-called premium business on the miscellaneous brands which do not include, except to a very small extent, Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export. The natural result of this decrease of advertising and activity and energy on our part in advertis-

ing these off brands is that the sales of Vassar and Blood Orange have absolutely faded off the map. By "off brands" I mean any brand put out by the Wm. Wrigley Jr. Company under its own name, whether as a manufacturer or trade-mark name excepting Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export and private manufacturers' brands. The label on Lik-Ris bears the name "Wrigley's" above the word "Lik-Ris" and below the words "Chewing Gum". Vassar gum is sold and labeled as "Wrigley's Vassar" and it also has the name "Wm. Wrigley Jr. Company, Chicago" added to it. "Wm. Wrigley Jr. Company, Chicago" is also on the Lik-Ris label. It says "Made by Wm. Wrigley Jr. Company, Chicago, New York", etc. The Vassar label shows that it is made by the Wm. Wrigley Jr. Company, Chicago, Illinois. This gum is not made at our New York plant. None of these off brands are manufactured at our New York plant. They are manufactured solely at Chicago, Illinois, by the Wm.
960 Wrigley Jr. Company. These off brands are sold under Wrigley's name exactly the same as Spearmint, Doublemint and Juicy Fruit. That is, the name of the brand and the expressions used with respect to these off brands include the word "Wrigley's" as well as the name of the brand. I don't know of any chewing gum manufacturers putting out a chewing gum under either the proper noun "Licorice" or the conventionalized word "Lik-Ris." Licorice is a flavor and this name "Lik-Ris" is
(2232) trade-name, which when spoken sounds like Licorice.
960 It is the name of a flavor of a gum. There are others
961 who handle licorice flavor gums but I don't think and don't know that they call it Licorice. Wrigley's Spearmint, Juicy Fruit and Doublemint are sold with merchandise and without merchandise. The same thing is true with regard to Vassar, Blood Orange and Lik-Ris. The three leading brands, Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit, are limited as to the quantity a wholesaler or jobber can obtain with a premium. Our offers contain usually a very small proportion of the three leading brands and a larger proportion of the off brands. The wholesaler or jobber also has his choice of buying Vassar, Blood Orange, Lik-Ris or other off brands either with or without premium
962 goods. We have not sent out any notice of an inability

to get premiums altogether. We have I believe sent out notices that owing to the shortage of premium merchandise we cannot fill orders to the same extent as heretofore. Our offers which went out practically every month to the wholesale trade have also been discontinued for the very simple reason that merchandise is very hard to obtain and very high in price. In other words, we have rested in our activities, our energy and our advertising and our pushing of the off or miscellaneous brands. This is not owing to the fact substantially or alone that we could not get the merchandise premiums as heretofore. I will say that some influence has been used and brought to bear upon our decision not to push these off brands by the fact that merchandise has so increased in price that it makes an offer not attractive to a retailer, but that is not the sole fact. We have discontinued our monthly circulars, our price lists, our intimations to the
(2233) trade regarding these brands; that is what has de-
963 creased our sales. The notices with respect to the difficulty of procuring merchandise did not mention the
964 names of any brands. It was just a general notice that did not mention the names of any brands, stating that we could not supply the merchandise. The jobber could still buy the gum the same as before without premiums. I believe those notices first went out in 1918. They were the natural resultant of war conditions.

965 EDWARD W. ECKERLY was recalled and testified on cross-examination as follows:

Cross-Examination by Mr. Mayer.

These notices pertaining to the difficulties of getting merchandise premiums were mailed to the trade as Mr. Stanley stated, but in his testimony he stated that the three brands, Wrigley's Spearmint, Doublemint and Juicy Fruit Export package brands, could not be included in drop shipment offers or premium assortments to any extent, that is, if the customer wanted more of these brands, he could not get them, he would have to take the off brands. That is the statement that I wanted to correct, because the retailer buying the offer through a jobber was at liberty to make up his own assortment of brands in the deal, and if our sheets are looked over

at the main office, you will find that the greater portion of the assortment of brands in certain territories are practically all of the three leading brands, very little of the assortment is made up of the off brands; that is the statement that I wanted to correct. That is, in that territory you find the sales principally of the three leading brands and accompanied with premiums.

966 In response to a question from Mr. Aldrich, the witness (2234) testified:

966 The premium offers started to drop off probably about one year after we entered into the war and we had an enormous stock on hand of the different items. Consequently our stock runs us for a certain length of time, but we did not stop purchasing additional premiums, we continued as long as we possibly could get them at a certain price which would enable us to make up a deal, and we have also changed our prices on drop shipment offers, I think twice, issuing just a little supplement book, using the old catalog, and at a certain time, I don't know the date, we stopped buying merchandise, the items we could not get at the right price, and just used up our present stock at that time until we run entirely out of that certain item. I might add that in the all-gum assortments drop shipment offers, these assortments were limited as to the number of boxes of Doublemint, Spearmint and Juicy Fruit Export package brands that the retailer could get in the deal when purchased.

967 WILLIAM HENRY STANLEY resumed the stand for further examination, and testified:

Cross-Examination (Cont.) by Mr. Mayer.

During the first six months of 1918 the total amount spent for advertising was $1,133,796.42; during the second six months of 1918 the total amount spent for advertising was $1,296,519.56. I have already testified to the amount spent for advertising for a number of years next preceding 1914. At the time we started to put out Doublemint we did not have a sales force. We acquired (2235) our sales force, with the exception of two or three 967 employees which were Spearmint salesmen, after the introduction of Wrigley's Doublemint with the idea that this sales force should scour the country and visit the

retail stores and see that Wrigley's Doublemint was introduced into every store. We started toward the latter end of 1914 with a few men, perhaps twenty, and increased the force until we had a total of 46 or 50 men. Their sole purpose when they were put out, with the exception of the three men we had when I entered the firm, was to introduce Wrigley's Doublemint and for no other purpose, but they naturally did when introducing Wrigley's Doublemint sell at the same time to a retailer through the wholesaler some Wrigley's Spearmint. It was not a part of their business to push the sales of any other gum than Doublemint. I personally instructed them both by letter and orally their sole object in being with the Wrigley Company was to sell Wrigley's Doublemint. In the accounting filed with the master, and in view of the fact that they were selling Wrigley's Doublemint and could not get away at the same time from selling Wrigley's Spearmint, using Wrigley's Spearmint as an introductory talk to sell Wrigley's Doublemint, we apportioned the cost of these detail men, as we call them, while they were only selling the two brands, Wrigley's
969 Spearmint and Wrigley's Doublemint, fifty per cent to each brand. The detail men is an advertising item. They were not salesmen in the strict sense of the word "Salesmen", these men were not out to sell goods to wholesalers and jobbers at all. As a matter of fact, for a long time we forbade them taking orders from jobbers except to fill those orders which they had occasionally taken from retailers for prompt delivery. Their idea
(2236) of being in the field and their purpose was to put ad-
969 vertising matter in the retail store, to put in window displays, to put up transparencies, to put up metal signs, to introduce Doublemint where Doublemint was not already introduced, to make a report on Doublemint, how it was selling, where it was selling and where it was not selling. The charge against Doublemint as filed in the
970 account presented to the master for detail men is included under advertising. The expense of all the detail men was by no means charged half to Spearmint and half to Doublemint. I just simply said that fifty per cent was charged to Wrigley's Spearmint and fifty per cent to Wrigley's Doublemint until that time when we began to have them introduce other brands, only when they were operating for the introduction of Wrigley's

Doublemint was 50% charged to Doublemint and 50% to Wrigley's Spearmint. We only gave 50% to Doublemint, although their instructions were their object was to introduce the Doublemint gum. I would have to go to some trouble to furnish a list of the detail men because we don't keep in the Chicago office the exact names of the various detail men which are run by the agencies. We can procure it though.

973 (After a discussion which then ensued, counsel for the
975 Wrigley Company agreed to prepare a statement showing how much was charged in the account filed with the master on account of expenses of salaries paid to detail men, showing the names and the amounts paid each of them and the period during which such respective payments were made.)

The witness, turning to page 12 of Larson Exhibit 31, which was one of the newspapers advertisement books that he had been asked to produce and had had at the last meeting, resumed:

(2237) On page 12 of Larson Exhibit 31 is a three-column
977 twelve inch advertisement which appeared in the Canadian newspapers in the spring of 1915 advertising Wrigley's Spearmint and Wrigley's Doublemint chewing gum. In prominent language at the bottom of that advertisement appears the following: "Made in Canda, Wm. Wrigley Jr. Co. Ltd., Toronto, Ontario." At that time the Canadian corporation had not been organized.
978 It was organized in January, 1916. Up to the organization of that Canadian company about January, 1916, the Wm. Wrigley Jr. Company, West Virginia corporation, which is a party to the suit now on hearing, was doing business in Canada. Its plant was on premises leased in Toronto, Canada for the manufacture of chewing gum. The American Company had to be licenced to do business in Canada and the "Ltd." was added to the American Company's name and the American Company did business under a license in Canada under the trade name or style of Wm. Wrigley Jr. Co. Ltd. until the corpora-
979 tion was organized in Canada under the name of Wm. Wrigley Jr. Co. Ltd. The provincial license under which we did business necessitated the addition to Wm. Wrigley Jr. Company of the word "Limited". I believe during 1915 the provincial license forced us to add "Limited" to the name, but in January, 1916, or on the incorpora-

tion of the company of similar name in Canada the Dominion charter carried exactly the same name as beforehand. The business in Canada was absolutely and entirely transacted and conducted by the Canadian Corporation after its incorporation and the West Virginia company ceased doing business in Canada when the Canadian corporation was organized, excepting in so far as the West Virginia company may have had business transactions with the Canadian Corporation. As a mat-
980 ter of fact then the advertisement to which I have just
(2238) referred on page 12 of Larson's Exhibit 31 was an advertisement of the West Virginia corporation which at that time was trading in Canada under its own name with the "Ltd." added. It is wholly an advertisement of the West Virginia company's business. The same explanation which I have made with respect to the names under which the advertisements on page 12 in Larson Exhibit 31 appears is aplicable to all other Canadian advertisements prior to the incorporation of the Canadian company. The words "Made in Canada" on page 12 of Larson Exhibit 31 have a significance. They are prominent in that exhibit and also very prominent in following advertisements in Canada of the Wm. Wrigley Jr. Co. Ltd. There was a movement on foot in 1915 by Canadians to force Canadians and the consuming public to buy Canadian products, invest their money in Canadian plants, to retain in the country as much of the capital as they possibly could by using the production
981 of the country and not importing from foreign sources any article of any kind which could be made in the country. It is what they called their national movement. In the spring of 1915 we gave prominence to this phrase "Made in Canada." It was the commencement of the movement which gave the idea for the segregation of the Canadian business from American business. At that time the United States of America were not in the war, Canada was. The importation of foreign products was causing the exchange to go up against Canada very severely. Since that time the Canadian Government absolutely restricted the importation of a good many articles of foreign manufacture which could be made in the country or which were called luxuries and which the Government considered the people could do

(2239) as well without until the war was over. We had the
981 advantage of our plant in Canada at the time, but it was not thoroughly Canadian. Some of the big corporations in America which had branches in Canada we attacked very strongly because the argument was used that although the factories were in Canada, the total profits accruing from the sale or merchandising of the products of the plant reverted to Americans, whereas Canadians argued it should stay in Canada. We were forced practically under that movement at the time, if we wanted to continue in business, to segregate or to sell our plant to Canadians. It materialized toward the end of the year when the movement got stronger. This
982 movement continued and was in force until America went into the war. After that the limitation was not so strong against American importations or other importations. I know that about the same time in 1915 or thereabouts there was some agitation for the levying by the Canadian Government of a war tax on properties belonging to citizens of other countries. There was an agitation at that time to almost prohibit plants of which the capital belonged to foreigners or the interest on which went to foreigners from operating in Canada for the very simple reason that Canada was working under a great financial strain and they could not afford to have their employees working in the interests and for the benefit of other people than Canadians. That was one of the big reasons which started the big movement to segregate entirely the Canadian business away from the American business. Referring to other advertisements following that on page 12 which advertised the "Made in Canada" idea, the whole series of the spring of 1915 gave very great prominence to the "Made in Canada"
(2240) products sold in Canada were made in Canada. Page
983 movement by acquiescing in the fact that the Wrigley 13 shows that but page 15 shows it much better. Page 14 shows it. When I said that page 15 shows it better than page 13 I meant that the type of the words "Made in Canada" on page 15 is somewhat larger than the type of the same words in the advertisement on page 13. Eliminating the pictures of two packages of gum, Spearmint and Doublemint, and the word "Wrigley's" on page 13, the words "Made in Canada" are in the most

conspicuous and the largest letters. On page 15 the words "Made in Canada" are still more conspicuous. Pages 16 and 17 also have the words "Made in Canada"
984 prominently displayed. Page 18 shows the advertisements in the United States of America. Pages 142 and 143 of the same Exhibit also show "Made in Canada." On page 211 appears an advertisement in French which appears to be an advertisement which was put in by the Canadian corporation in 1917. We do not keep exact tab on these advertisements. They are submitted by the Stewart Davis Advertising Agency to the Canadian corporation I believe and O. K.d by them. If I have had anything to do with that advertisement, it has just been to correct the French type of it. This goes up to Toronto, Toronto I believe forwards them on to some paper in Montreal, I don't know which paper, and gets their O. K. on the text, and that is a Canadian advertisement which we don't have to handle in Chicago.

984 As a matter of fact though it is a copy of an adver-
(2241)tisement that did appear in the Canadian papers in
985 1917. The heading would show me that that was a Canadian advertisement which had appeared in some paper in the province of Quebec. My understanding is that it was published in newspapers in Quebec.

(The advertiseemnt was offered by the Wrigley Company and admitted in evidence as Larson Exhibit 41, being an advertisement published in 1917 in a newspaper in the province of Quebec, and appears on page 211 Larson Exhibit 31.)

986 (Larson Exhibit 41.)

987 The advertisement appearing on page 212 of Larson Exhibit 31 is also a Canadian advertisement in French, which appeared in 1917.

(The advertisement in question was offered by counsel for the Wrigley Company and admitted in evidence as Larson Exhibit 42 and appears on page 212 of Larson Exhibit 31.)

(Mr. Mayer stated that he understood that in making up the record photographic copies might be inserted in lieu of the original pages to which Mr. Aldrich said "We have already made that stipulation.")

988 (Larson Exhibit 42)

989 The witness resumed: On pages 213, 214, 215, 216

and 217 of Larson Exhibit 31 appear Canadian advertisements in French. My guess would be they all appeared in papers in the Province of Quebec where French is necessary to advertise your products. The people there, because they are very nationalistic in a way, prefer French to anything else. They won't deal in products which are advertised in English, but these ad-
(2242) vertisements have been put in by the Stewart Davis
989 Advertising Agency. I don't keep this book, I have only seen it just during this case. This is their record of the advertisements that they make for various firms.

(Mr. Mayer stated to Mr. Aldrich that he did not understand that Mr. Aldrich was questioning the authenticity of the exhibits in question so long as there was reserved to Mr. Aldrich the right to introduce proof on that subject if he desired to do so at any time, to which Mr. Aldrich replied that he was not questioning anything; that he would advise Mr. Mayer when he did.) These advertisements on pages 211 and 212, being Larson Exhibits 41 and 42, both have the words "Faite au
990 Canada" in them. That is French for "Made in Caada." I prepared page 6 of the account filed with the master which is a summary of sales of Wrigley's Doublemint from July 28, 1914 to August 24, 1918, both dates inclusive. I prepared page 20 of the account filed which is a summary of sales of Wrigley's Doublemint gum from August 8, 1918 to Oct. 4, 1918. I prepared the figures regarding the sales shown on page 29 of the account which is a statement from October 5, 1918 to November 12, 1918, which shows sales of Doublemint gum. I can tell you what the total amount is of the Doublemint gum which was sold by the Wm. Wrigley Jr. Company, this West Virginia corporation that is a party to this suit on hearing, in Canada from the commencement of the accounting period, July 28, 1914, or in other words the entire sales of the West Virginia corporation of Doublemint gum in Canada. (Mr. Aldrich
991 then interjected "Leave that on the record then. You see we have accepted the statement of sales of gums and the price at which they were sold and we have ac-
(2243) cepted, as I understand, on the record the cost except-
991 ing only certain elements entering into the cost to which we have reserved the right to except. The statement I

am making may remain in the record. It was intended for that purpose." The Master then said "It may remain in the record.") The sales made by the West Virginia corporation from July 28, 1914 in Canada of Wrigley's Doublemint amount to $109,966.52. That does not embrace the sales by the Canadian corporation. (Mr. Aldrich then stated that he wanted the Master to understand that he was insisting that the sales by the Canadian corporation were, for the purposes of this suit, sales by the Wm. Wrigley Jr. Company and that when the proper time came he was going to ask the Master to extend the investigation to the doings of the Canadian and Australian corporations.)

992 I can't give the exact date on which the first advertisement was put in Canada showing Wrigley's Doublemint, but I believe it occurred in October, 1914, or very near thereto. Prior to the organization of the Canadian corporation, the West Virginia corporation spent for advertising Doublemint gum in Canada the sum of $52,837.28. In arriving at the sum of fifty-two thousand odd dollars, we allocated it in the same way as we allocated the advertising charges of the account filed here with the master. We used the same methods of allocation to find out the advertising chargeable to Doublemint which we did in Canada, with the exception that, I believe, the figures I have given do not include some sundry items such as detail men, but they are not of very great importance. If we had included the sundry items, we would
993 have increased slightly the amount that we allocated to Doublemint in Canada. I made the calculations in the manner I have already described, resulting in the item headed "Advertising chargeable to Doublemint $481,499.22", appearing on page 1 of the account filed. That
(2244) is, I made the allocation by use of the method which
993 I have described, and the same thing is true with respect to similar items covering each of the various periods shown in the two accounts filed with the master, but since I gave my last testimony on this point we have checked and rechecked this item. Under the stress at
994 which we were working when we got up this item originally one or two errors crept into it. We have gone very carefully through this "advertising chargeable to Doublemint" item and have discovered a few errors

which errors are now being righted and they will appear in a supplementary statement of adjustment which we intend to prepare covering all such petty items of overcharge or under-charge so that it will regulate the whole thing to an exact amount. So that excepting as some errors may have been found which we are making a memoranda of now to report to the master, and speaking generally, these items of advertising are a correct computation based upon some method of allocating which I have described. The errors we have found so far in the advertising almost counterbalance one another. The overcharges are almost the same as the under-charges.

995 On page 1 of the account filed with the master is an item "Printing U. P. S. Coupons $339.20" and then there are similar headings on the other sheets covering the different periods of the accounting period. Those computations were made by me. I would call attention to the fact, however, that this item "Printing U. P. S. Coupons" only appears on the statement from July 28, 1914, to December 31, 1914, and on the statement January 1, 1915, to December 31, 1915. It does not appear on the remaining statements which have been presented to the master. The reason for this is that we have omitted them. It is an oversight. We are now looking into this question of the charge of U. P. S. Coupons. It (2245) was carried to an account in our ledger and no notice 995 was taken of it because the charge for the U. P. S. Coupons was taken from the actual charge of the redemption of the coupons whereas the charge for printing coupons was thrown into the same account, but no account has been taken of it. In other words, there is still a charge for U. P. S. Coupons, a part of which is chargeable to Doublemint which we have absolutely omitted from the statement. Now, this, with other items, is being 996 looked into and we are getting that now as carefully and as nearly correct as it is possible to do it. I have testified that I had charge of the preparation of page 6 of the account filed with the master.

(A colloquy then took place between counsel for the parties, during which the following took place:

Mr. Mayer: Then Mr. Aldrich, so as to shorten this record and save unnecessary questions, as I understand you, you concede the correctness of the information con-

tained on page 6 of the account filed with the master excepting with respect to the foreign sales?

997 Mr. Aldrich: Yes, and I still go farther than that in this respect, that I consider myself bound and my client bound because of my admission that the total sales of the Brooklyn and Chicago factories are accepted for the purpose of this accounting and the total production is accepted; the price which, as I said a few minutes ago, was received for it we have accepted, that is, the gross price, and I have reserved the right to object and have objected and excepted to all items of cost deducted from the gross price received. Now, I don't think that language can make it clearer than I have made it.

(2246) Mr. Mayer: I don't either. Of course this will be 998 written up I assume.

The Master: Oh, certinly.

Mr. Mayer: That's a part of the record.

Mr. Aldrich: And then I will say too when I say I accept I am not cheese paring at all or setting any trap, I am accepting just what I say I accept.

Mr. Mayer: You mean you accept them as correct and are not going to dispute them?

Mr. Aldrich: Exactly.)

999 The number of boxes and the amount in dollars of the sales shown under the column "Foreign sales" on page 6 of the accounting are correct. That is, columns 3 and 4 on that page. The totals carried out in the last column include both the U. S. A. and foreign sales on the sheet referred to. Column 6 is the total of columns 2 and 4.

(Mr. Aldrich was then asked by Mr. Mayer whether he admitted that all of the information contained on page 1000 20 of the account filed with the master was correct as therein disclosed except with respect to the two columns under the heading "Foreign sales." Mr. Aldrich answered: I have admitted—I don't need to segregate it—I have admitted that for the purposes of this accounting I accept the information shown by all these reports of the production and the amount received for them in boxes and the amount received, gross amount, to be correct, I am talking of gross amount, that includes all of these sheets dealing with that subject into which this accounting has been divided.)

These figures that have been accounted for and given

(2247) to the Master do include Canadian business and Aus-
1000 tralian business prior to the incorporation of those companies.

(Mr. Aldrich then stated: My statement should have that limitation on it. They have accounted and I have accepted their figures up to the date they have accounted for the Canadian and Australian, I accept those figures also. That acceptance or admission includes that part of the Wrigley Company's foreign sales made in Australia and Canada for which the Wrigley Company has accounted on these sheets. I intend to accept the totals. I am not questioning the items in the accounts filed with the master which purport to show the number of boxes of foreign sales and the amount of foreign sales but it is not my intention by such acceptance to include therein the product of the Toronto and Australian factories subsequent to the time of their alleged incorporation. I understand the subsequent product of the Canadian corporation is omitted from these reports and therefore is not within my concession,—to which Mr. Mayer said: I think that's perfectly plain.)

1002 I prepared the information on page 7, statement of disposition of Wrigley's Doublemint. The figures and information shown thereon are correct. By several ways of proving these figures they came out always the same and the totals from Factory to Shipping Department shown in the fourth column balance exactly with the records kept in the factory.

(Mr. Mayer then stated to Mr. Aldrich that if Mr. Aldrich wanted him to find out the different methods which were used to check up, he would be glad to ask the wit-
1003 ness regarding that, to which Mr. Aldrich said he did not care anything about that; that he would ask later.)

(2248) Donations are an advertising expense and I have
1003 so treated it. All gum which has been used for advertising has been used at the same cost per box during any particular period as is used in the profit and loss statements for that period. We have not averaged the cost up in other words over the whole period to see whether it is 25 cents a box or 24, but we have taken the gum given away in any particular period at the same cost figures as used in that year in the profit and loss
1004 account for the manufacturing cost of Doublemint gum,

not a general average. I prepared the computations appearing on page 8 of the account filed with the master. The figures appearing on that page are correct. They also include all private manufacturers' brands that we have made. I don't think I have a statement here showing the private special brands of manufacturers that we have made. On page 9 of the accounting headed "Comparative Statement of U. P. S. Coupons issued with Doublemint gum." The initials U. P. S. have reference to the United Profit Sharing Coupons. I made up that
1005 statement. We have not on rechecking found any errors in those figures. We think we can substantiate them. Column 9 uses as a basis for a contingent liability for the outstanding coupons fifty per cent of those issued less the amount that has actually been redeemed. As to whether our experience has been that that basis is more less than the reality, I will say that our knowledge at that time was not as extensive as it is now of the amount we should set up for contingent liability to cover future redemptions of coupons which we had issued. Since then we have found that the experience of others using similar coupons has led them to charge a very much larger amount of contingent liability than we have in this accounting submitted to the master. As a matter of fact,
(2249) identical coupons to ours used in a similar manner
1005 have actually been returned to some firms at a very much higher figure than we take for the actual redemption and the amount we have set up for contingent liability. Were we making this account up with our present knowledge, we certainly would increase very considerably
1006 the amount given in column 9 on the knowledge we have now gained of the redemption costs of coupon. It is a matter of common knowledge and it is a fact that since our war with Germany the price of merchandise such as we were selling with our gum has risen very considerably, in fact doubled and trebled. Since the war it has taken a considerably larger number of coupons to get an article than it took to get the same article before the war. In my opinion that results in the persons who get our coupons with our gum keeping them for redemption until the time when the merchandise that they can get therefor will be lower in price. The increase in the cost of the merchandise has naturally brought with it an increase in the

number of coupons which are necessary to obtain the merchandise. Now, it results that if a given article could be obtained for 200 coupons in the year 1914 and it was necessary to have 600 coupons for the same article in 1916, it took the person collecting the coupons a considerably longer time to get 600 coupons for the same article than it did to get 200 coupons in 1914. These coupons are issued with our gum regardless of whether merchandise accompanied the gum or not. They are issued with
1007 certain brands of our manufacture, not all brands. They are issued with Doublemint and have been from the beginning. The persons who get our gum and also our coupons turn them into the United States Profit Sharing Corporation in exchange for merchandise. That mer-
(2250) chandise has a definite, fixed exchange value or ex-
1007 change price. From time to time catalogs are issued giving the exact number of coupons it is necessary to have to obtain the articles mentioned therein. The prices so established by the catalogs have been changed from time to time in the last few years. There have been considerable changes in the catalogs the last three or four years, many increases. I am referring to the catalog issued by
1008 the United Profit Sharing Corporation. To take an illustration, we will suppose that in 1915 or 1916 it took 25 coupons, our units of one-fifth of a cent each, to get a cake of soap from the United Profit Sharing Corporation. Subsequently the price of the soap was increased by that corporation so that it took more than 25 of those coupons. Prices have from time to time increased until most of the articles now necessitate at least twice as many coupons as they did in 1914 in order to obtain same from the United Profit Sharing Corporation. So in my opinion a good many people are keeping their coupons until an expected diminution in the price of the United Profit Sharing Corporation's articles. In addition to that, I would say withdrawal for military purposes of three or four million men of the age where they collect coupons has had some effect upon the retarding of the redemption of the coupons. There is no doubt that when they return from service the coupons which they have saved will be brought to light and will be used with others which they will collect from time to time. Turning to page 21 of the account filed with the master, I have prepared that

1009 sheet. The information contained therein is correct as shown thereon. The same method has been used for the
(2251) preparation of that sheet as we used for the prepara-
1009 tion of sheet No. 7. Taking page 22 of the account filed with the master, I have prepared that sheet. The information shown thereon is accurate. I would like to add right here as an explanation of the use of the percentage of Doublemint to all sales, it has been used and is general in accounting practices because unless you can apportion exactly by actual time keeping of the labor, it is absolutely impossible to find out exactly what amount should be used for segregating charges against departmental items. In accounting practice the next best thing to the actual charge in departmental charges in departmental charges is to find out what the sales are of a given thing to the total sales. I would guarantee that if we had kept an exact time charge for every clerk, an exact cost of the electric light used, an exact charge for paper, stationery, material used in preparing our matter for the putting of Doublemint on the market, we would have had a very
1010 much larger charge for the sale of Doublemint to the total sales of everything. The Doublemint sales at the time they were commenced were nil. We had the overhead, we had the light, we had the office force, we had everything, but unless you have every clerk in the office keep a time book showing that so many hours were spent and so much space was used in the office and so much light and so much ink, paper, stationery, typewriter space and everything was used, it is impossible to get an exact charge. The next best in accounting practice is to take the sale of Doublemint as to the total sales of everything. It is a regular accounting practice. In what I have said I have reference to such expenditures as cover both infringing and innocent articles. I had reference to
(2252) expenditures that had to do specifically with only one
1010 particular article, for instance, if we spent $100.00 for advertising Spearmint only. I charge that entirely to Spearmint so that Doublemint bore no part of it. The amount of sales shown in column 1 has reference to the sales of all brands of gum, including what we took in for
1011 sales of gum coupled with merchandise. They are what we call our gross total sales during the period August 25, 1918 to October 4, 1918, including merchandise. The per

cent given in column 3 is the percentage we have taken for calculating the amount of overhead which should be chargeable against Doublemint during the like period in the profit and loss statement as presented to the master. In other words, on page 19 of the accounting, which covers the period from August 25 to October 4, 1918, we have used under our overhead that same proportion, viz., 19.808 of the overhead. Page 22 shows how we arrived at the percentage. I have prepared all of sheet 24 of the account filed with the master, which is a comparative statement of U. P. S. Coupons issued with Doublemint gum showing the redemption cost and contingent liability
1012 for the period August 25 to October 4, 1918. The information contained thereon is accurate. I would like to couple with this answer the remarks I have previously made about our recent knowledge on the contingent liability which we might have set up in column 9. That is, I think that the amount of contingent liability that we have charged in our account is less than it ought to be. Page 29 of the account filed with the master which covers the period from October 5, 1918 to November 12, 1918 shows sales of $43,914.75. The 93,505 boxes which were sold for $43,914.75 were all sold outside of the confines of the U. S. A. I would like to add as a reason why we made these sales, which I think might be interesting for
(2253) Mr. Aldrich to known; the Doublemint represented by
1012 the sales of 93,505 boxes were delivered principally to subsidiary military organizations abroad and were only
1013 made up with the green wrapper because they insisted on having the goods promptly and not waiting until we could get our machines in a position to turn out the single stick wrapper the way we make the gum now. In other words, they insisted on having the gum as promptly as possible irrespective of how, when or why it was wrapped as long as it was Wrigley's Doublemint. The footnotes on page 6 are correct. That statement was made up subject to the foot notes. I did not have time to prepare an itemized list at the time we filed the first account with reference to the footnote appearing on page 18, which states that no deductions have been made for any cash donations or subscriptions for public or war or charitable purposes, amounting to approximately $280,000 from July 28, 1914 to August 24, 1918. At the time that

statement was made I believe it was made over the telephone on a request from Mr. Eckerly or Mr. Cox. I approximated the amounts we had subscribed from July 28, 1914 to August 24, 1918, on material over which I only was able to glance roughly. Since then I have found that the amount should be, instead of $280,000., some $218,000. I do not know whether I gave the figures incorrectly or
1014 whether they were misinterpreted over the phone. I want to add in addition to my statement which states here that no deductions have been made for any cash donations or subscriptions for public or war or charitable purposes, in the $218,000 I have referred to there are many subscriptions which have been made, many donations which have been paid and certain amounts which also have been expended which are in my opinion absolutely
(2254) advertising expenses. A donation we make to a job-
1014 bers' association, a subscription we make to a state association, a payment we make to a jobbers' convention, a subscription we make for advertisements in some convention book are in my opinion absolutely trade expenses.

(Mr. Aldrich then objected to the witness then testifying as to the amount of said donations and was sustained
1015 by the master on the ground that if the Wrigley Company filed a supplemental account, the question then could be determined whether particular donations and especially war donations were a proper charge.)

1016 Wednesday, March 5, 1919.

There was a very marked difference in the copy used in the Canadian advertising after the West Virginia corporation had relaxed the advertising in Canada and transferred the whole matter to the Canadian corporation. As a matter of fact, before the Canadian corporation came into existence, we had handled the advertis-
1017 ing down here in Chicago, through the Stewart Davis Advertising Agency. That advertising passed through Mr. Wrigley's and my hands up to January, 1916. After that date all copy was submitted by the Stewart Davis Advertising Agency to the Canadian manager, Allen Ross, and he made material changes in the copy used. For instance, theretofore we had used the American plates and just altered them to fit the Canadian situation as far as addresses were concerned, and so forth, but

after January, 1916, much of the copy that was used was typically Canadian and would not apply to American copy in advertisements at all. The Stewart Davis Advertising Agency prepared the copy after consultation with the Canadian company. I have in mind some of the
(2255) advertisements on glancing through the books which
1017 are typically Canadian, such as for instance a scene of soldiers, a soldiers' camp, and so forth, where the soldiers are dressed in Canadian military uniforms with Canadian caps, Canadian insignia. In Larson Exhibit No. 31, page 140 is a typical Canadian advertisement which could not be used in America; the same applies
1018 to the advertisement on page 214 of Larson Exhibit 31. Those were inserted in Canadian newspapers about June, 1916, it states in the book. There is no doubt about the dates in this book because all these insertions are inserted in chronological order. Those are strict instructions to the Stewart Davis Agency that all advertisements should run as they are made. That shows a picture of Canadian soldiers in Canadian uniforms. The headnote of the advertisement on page 140 reads "A tip for the soldier lads." I would call particular attention to the use of the words "soldier lads", that is typically Canadian. We would not use that in advertisements in the U. S. A., we might have said "soldier boys." The next line, "Take the advice of seasoned chaps" is typically Canadian too. There is also a sentence in it referring to Wrigley's perfect gum as follows: "It's the best little
1019 refreshment a soldier can carry." The advertisement is limited to Wrigley's Spearmint and Wrigley's Doublemint and contains a picture of a package of each of those brands. I believe at that time the Canadian corporation did not make any other brands than Wrigley's Spearmint and Wrigley's Doublemint. The advertisement also says "Made in Canada" and also contains the following: "Write Wm. Wrigley Jr. Co., Ltd., Wrigley Bldg., Toronto, for free copy of quaint 'Mother Goose' book illustrated in colors." The advertisement on page 214 of
(2256) Larson Exhibit 31 is in French and shows the picture
1019 of a soldier in Canadian uniform, a Canadian sentry at his post. It shows some tents in the distance and a sentry overlooking them and a picture of two packages of gum.

(Mr. Mayer then offered in evidence the advertisement
1020 on page 214 of Larson Exhibit 31, which Exhibit so offered, was received in evidence and marked Larson Exhibit 43.)

1021 (Larson Exhibit 43)

1022 By copy I mean that which is sent to the publisher or printer to be reproduced. It includes the text and design and general set up. It is what the reader sees. The Canadian corporation has stood the expense of all the advertisng either done in Canada since the incorporation of the Canadian company or done by that company. Much of the advertising done in Canada we do not know anything at all about here in Chicago. It is arranged for, paid for and settled by the Canadian corporation. The West Virignia corporation stands none of the expense whatsoever of any of the advertising done by the Canadian corporation. I think I ought to add to that, Mr. Mayer, that of course we cannot help seeing the Canadian newspaper advertising when we use the proof books of the Stewart Davis Advertising Agency. Whatever advertisements might appear in this book we nat-
1023 urally would see. The preparation of it and the payment of the expense of it is done entirely between the Stewart Davis Advertising Agency and the Canadian corporation. The preparation of the copy was taken out of the hands of the West Virginia company and was looked after by Mr. Ross on behalf of the Canadian corporation after its organization. All the copy I believe is prepared by the Stewart Davis Advertising Agency,
(2257) sent direct to Mr. Ross for his O. K. and I believe
1023 he also sometimes consults Mr. Wrigley. I don't see his correspondence. I don't know anything about that side of the question. Mr. Wrigley is president of the Canadian company. A large part of the preparation of the copy for the West Virginia company has been entirely in my charge and I have conferred with Mr. William Wrigley with respect to it. We prepare and put into the newspapers some copy which Mr. Wrigley may not see. In other words, Mr. Wrigley confides the details of the execution of the copy to me, but in general knows
1024 what is going on. In the United States the preparation of the copy is left with me and our advertising agency. After the incorporation of the Canadian com-

pany, a change was made and I had nothing to do with it. The whole matter was taken entirely out of my hands. Since I have inspected the seven advertising books that have been produced here and offered as Larson Exhibits 30 to 36 inclusive, I have seen advertisements of the Canadian corporation which I had never before seen. In my testimony at one of the prior hearings, to the effect that we were advertising and selling in numerous foreign countries during the accounting period, I did not intend then or at any time in any of my testimony to indicate
1025 that the West Virginia Corporation was either advertising or selling gum in Canada since the organization of the Canadian corporation. We have not sold any chewing gum in the Dominion of Canada since the incorporation of the Canadian company. We have not done any advertising in Canada since the organization of the Canadian company, not the least particle. The West Virginia corporation has not sold any gum in Australia since the organization of the Australian Company or in New Zealand, nor has the West Virginia corporation done any advertising in Australia or New
(2258) Zealand since the organization of the Australian com-
1026 pany. If there is anything in my testimony heretofore given that would indicate anything to the contrary, it is due to some mistake or misunderstanding due to using too general language in talking of foreign countries. When talking of the foreign sales made by us I have always had in mind the fact that we did not sell anything in the way of chewing gum in Canada or Australia, since the organization of those companies in Canada and Australia.

(The witness was then asked: Has the Canadian Company at all times since its incorporation been acting as a separate corporation independent of any control over it by the West Viriginia company? To this question Mr. Aldrich made an objection and the objection was sustained.)

1027 I own no preferred stock in the West Virginia company but own 227 shares of the common stock of the West Virginia company. Larson Exhibit 18 which was filed some time ago in these proceedings shows that I own 202 shares in the West Virginia corporation. I acquired 25 shares more about four weeks ago. I own twenty shares of

1028 common stock in the Canadian corporation. I obtained those twenty shares in January, 1916. By Toronto company or the Canadian company I am referring to the Wm. Wrigley Jr. Company Ltd. The twenty shares I referred to were shares of common stock of the Wm. Wrigley Jr. Company Ltd. I have understood that when counsel for the Wrigley Company used the expression "Toronto company" and "Canadian company," counsel had in mind the Wm. Wrigley Jr. Company Ltd., a Canadian corporation. I cannot say offhand how long I have owned those 202 share of common
(2259) stock in the West Virginia company but I owned 200
1028 shares for a considerable time. I then purchased 2 shares about a year ago and since then 25 shares.

1029 *Redirect Examination by Mr. Aldrich.*

Turning to pages 144 to 150 of Larson Exhibit 30, I don't know whether those advertisements were prepared and appeared in the latter end of 1913 or beginning of 1914. Whether I know or not that they appear in this book prior to December, 1913 and prior to the accounting period, I will say I don't think that's exactly a criterion to go by, the fact that the advertisements which were sent to Australia which appear commencing page 160 of Larson Exhibit 30 to begin December, 1913, would prove that these advertisements commencing on page 144 and continuing to page 150 appeared in 1913 because these plates might have been copies and put in later, the plates of the Australian advertisements. The Canadian advertisements appearing from page 144 to 150 inclusive are preceded by Wrigley's advertisements on Spearmint alone just prior in the book, being from page 130 on, and
1030 the Wrigley advertisements are marked December, 1913. The dates referred to that appear above the Wrigley advertisements on pages 128, 129, 130, 131 and 132 are of Wrigley's Spearmint alone. So far as I can see at a glance, I can not tell from the working sheets which I have referred to in the course of this examination what time and where the advertisements preceding the Canadian advertisements were published. We have absolutely no reason whatsoever to find out where the advertisements, which are shown in this book headed "December, 1913," appearing on pages 128 to 132 inclusive, appeared

or what they cost. On page 133 there are some advertise-
(2260) ments of small size. It does not help me in the least
1030 to place the date of the Canadian advertisements appearing on pages 144 to 150 inclusive to have my attention called to the fact that there is recorded above these advertisements on the sheet to which they are pasted in one column "Record Herald, December, 1913," in another "Journal, December, 1913" and in another—
1031 "Waterbury American." I could find out by reference to the records when those advertisements which appear on pages 144 to 150 appeared in the Canadian newspapers because they are apparently all keyed, so it is just simply a matter of looking up the records to see where and when they did appear. As to the question as to whether or not I have any reason to doubt that they appeared
1032 prior to December 1913 or about that time, I will give an explanation, Mr. Aldrich, of what really happened. My entry into the Wrigley firm was in 1914. I could not have given any instruction about any advertisement which appeared before that date. On entry into the Wrigley Company at Chicago I instructed the Stewart Davis Advertising Agency to prepare as far back as they possibly could scrap books showing as nearly as they could, and also to get them in chronological order, the advertisements which we had used in past periods. These advertisements have been put in as you see in these various books, I should presume as near as possible in chronological order, but whether that is the case or not I don't know. Anything that appeared after July, 1914, I would feel much safer in talking about. I know for a fact that we could not find before 1914 all the advertisements that had been prepared for the Wm. Wrigley Jr. Company. I do know, however, that since July, 1914 as far as it has been possible we have had pasted into these books by the Stewart Davis Advertising
(2261) Agency in chronological order the advertisements
1032 which they have prepared for us. As to whether counsel for the Larson Company is to infer from what I have just said that these books had no existence prior to the instructions I gave Stewart Davis & Company, I would not either come to that conclusion myself; they may have
1033 had the scrap books, they may have pasted in what they could get hold of. My instructions were to carry on

from the date when I entered into the active supervision of this business. That date was about September, 1914. As to whether I can give the dates of these advertise-
1033 ments from page 182 on which are Canadian advertisements, offhand I can't give you any dates if they are not written in this book without reference to the records. This book is not our property. It has been loaned to us for the purposes of this case and what appeared before 1914, September, I am very little acquainted with. On page 176 is an advertisement marked "New York Tribune", May 29, 1914. They seem to be I believe what we call space holders. On page 177 is evidently a proof of an advertisement which appeared in Canadian newspapers. I should think that the appearance of that advertisement on page 177 of Larson Exhibit 30 did appear somewhere about May, 1914. The advertisements shown on pages 177 to 192 are evidently a series of advertise-
1036 ments which have been prepared for use in Canada. Just exactly—I would reiterate—when they appeared I cannot tell without reference to the records. I don't think the fact that on each of these advertisements there is the words "Wm. Wrigley Jr. Co. Ltd., Toronto" sheds any light upon by conclusion. We used the words "Wm. Wrigley Jr. Co., Ltd., Toronto" prior to the organization of that company. I explained in my testimony yesterday that acting under the Provincial license which we were then working under in Canada I believe the addition
(2262) of the word "Limited" was necessary. I am not well acquainted enough with the law to know just exactly why it was used, I know it was necessary, I think that is more a legal question than a commercial one. The advertisement on page 218 is certainly not a Canadian advertisement because we have never used a United Profit Sharing Coupon in Canada, neither I believe has the Canadian corporation made any use of that coupon. That is an
1037 advertisement advertising both Spearmint and Doublemint. As to how it was apportioned, without exact reference to my working sheets, I should say on looking that advertisement over that that was apportioned, 50% of the cost to Wrigley's Spearmint and 50% of the cost to Wrigley's Doublemint. I think I have those working sheets. From the working sheets which I now produce, advertisement No. 19 which appears on page 218 of Larson Exhibit 30 has been allocated, 50% of the cost to

Wrigley's Spearmint and 50% of the cost to Wrigley's doublemint. It is a 500 line ad and we have taken 250 lines as advertising Wrigley's Spearmint.

(Mr. Aldrich then offered in evidence page 218 of Larson Exhibit 30. Said page was received in evidence and marked Larson Exhibit 44.)

1038 (Larson Exhibit 44.)

1039 My attention being called to Larson Exhibit 31, pages 4 to 11 inclusive, I produce papers from which to tell how each one of the advertisements on those pages was charged. On page 4, Larson Exhibit 31, is a keyed advertisement, 504; on page 5, 505; on page 6, 506; on page 7, 507; on page 8, 508; on page 9, 509; on page 10, 510; and on page 11 the advertisement is not keyed as to our number. I notice on page 11 that the advertisement was inserted in free space, that is, space which was donated
(2263) to us by newspapers. By keyed advertisement I mean an advertisement to which we give our own number or a number which is used by the advertising agency to designate in an easy manner without reference to the text, space or anythilng, which advertisement is to appear in newspapers at certain stated times. For instance, if this set of advertisements was sent out from 504 to 510 inclusive with the keyed numbers on them, the advertising agency in giving the publisher the instructions as to how to insert these advertisements in what weeks and on what days would refer to these respectively as 504, the one which appears on page 4, to appear on such and such a day, and 505, the advertisement which appears on page
1040 5, on such and such a day. Briefly stated, it is merely a means of identifying the advertisement. I can not say that the same answer as to apportionment is true as to all of these advertisements. I have to take my working sheets. We have gone over all these separately.

(Mr. Aldrich said: My question is 4 to 11.)

The advertisement on page 4, Larson 31, the cost of that advertisement has been apportioned, 250 lines to Spearmint and 250 lines to Doublemint, or half the cost of that advertisement to Spearmint and half to Doublemint. That's fifty-fifty. 505 has been allocated, 250 lines to Spearmint and 250 lines to Doublemint; 506 has been allocated, 250 lines to Spearmint and 250 lines to Doublemint; 507 on page 7, 250 lines to Spearmint and 250 lines to Doublemint; 508, 250 lines to Spearmint and 250 lines

to Doublemint; 509, 212 lines to Spearmint, 288 lines to Wrigley's Doublemint, appearing on page 9.

(Mr. Aldrich then offered in evidence page 9 of Larson Exhibit 31 as Larson Exhibit 45. The said advertisement so offered was received in evidence and marked Exhibit 45.)

(2264) (Larson Exhibit No. 45.)

1041 The advertisement appearing on page 10 has been
1042 allocated, 250 lines to Spearmint, 250 lines to Doublemint; and there was no charge for the advertisement appearing on page 11. We have not apportioned the cost to either brand of the space which was taken in the newspaper, the plate cost of this advertisement which appears on page 11 has been apportioned, 50% to Wrigley's Spearmint and 50% to Wrigley's Doublemint. Those appeared in the spring of 1915. To give the exact date of when the advertisement on page 113 of Larson Exhibit 31 was published, I would have to refer to the records. This is the commencement of advertisements, however, of a series of advertisements appearing on page 113 and ending with the advertisement on page 124 which was used in newspapers in the spring of 1916. They all feature Wrigley's in large letters at the top. The advertisement appearing on page 117 of Larson Exhibit 31
1043 was apportioned, 255 lines to Wrigley's Spearmint and 245 to Wrigley's Doublemint. Those notations on the side of the advertisement are not mine. Those notations were made by Mr. Stewart. In taking a photograph of
1044 that those notations would not show. This gives a good example, however, of just how we have apportioned our advertising in allocating the cost over the various brands. Here is an advertisement which is divided equally between Wrigley's Spearmint and Wrigley's Doublemint to a casual observer. That is speaking of page 117 of Larson Exhibit 31. I don't think any casual observer would notice that that package which happens to be in the girl's hands shown on this advertisement was a Wrigley Spearmint package, but nevertheless in apportioning the cost over the two brands shown thereon we have made appro-
(2265) priate allowance for the fact that the girl has a Wrigley's Spearmint package in her hands when allocating the charge to Wrigley's Doublemint. The basis of allocation is the line space used by the Spearmint package

which has no reference to Doublemint, giving a charge of ten lines extra to Wrigley's Spearmint, ten agate lines.
1045 That ten agate lines was not guessed at. It was measured and it correctly shows the space used by the picture of that package. My last testimony had reference to page 117 of Larson Exhibit 31.

(Said advertisement appearing on page 117 of Larson Exhibit 31, was offered in evidence by Mr. Aldrich as Larson Exhibit 46 and was received in evidence.)

1046 (Larson Exhibit No. 46)

1047 Page 202 is an Australian advertisement, made in the spring of 1917. As to the question as to how I reconcile my statements which I had made that I had nothing to do with Australian advertising with the notations on the side purporting to show allocations, I would state here quite plainly and explicitly that those notations on the side of that advertisement are not in my handwriting. That is the handwriting of one of the members of the Stewart Davis Advertising Agency, as is also the handwriting at the foot. I have had nothing whatsoever to do with that handwriting. As to whether those marks do or do not refer to any allocation of charges or refer to something else just as well, I could not state without asking John Stewart whether he is preparing any statement of allocation between the various brands shown on
1048 that advertisement. The memoranda on the margin of page 117 is in John Stewart's handwriting. Referring to the question as to who made the allocation and the measurements as presented to the master of the adver-
(2266) tisements appearing in this book, I can't answer as to the whole. The measurement and allocation of the
1050 advertisements made by the Wm. Wrigley Jr. Company, the West Virginia corporation, as shown in the account presented to the master, were made either by me or directly under my supervision. As an aid in this work I have had the Stewart Davis Advertising Agency's men help me with their technical knowledge of the line division of advertisements. I have had nothing to do with the allocation or any notations which are put against other advertisements than the ones which we have taken in the account as presented to the master. The succeeding pages, six in number, purport to show advertisements in Australia in the spring of 1917 and on this page 202 there is a notation "These 6 ads (total 3000 lines)

divided 1800", then there is a spear with only one point on it and "1200" and a spear with two points on it. As
1051 to the statement of counsel for the Larson Company that he finds opposite this advertisement on page 202 two columns, one with a spear at the head of it with one point on it and the other with a double spear or a spear at each end of the line with certain notations giving or purporting to give lines thereunder, and under the Spearmint or one pointed spear it gives 254 and on the other,
1052 or Doublemint spear, 247, I can not tell you exactly what those notations are, but I should think they refer to an allocation of the charge to the brands mentioned thereon. Now, this advertisement is an Australian advertisement made up by the Stewart Davis Advertising Agency, placed by the Stewart Davis Advertising Agency in Australia for the Australian company, Wm. Wrigley Jr. Company Proprietary, Limited. Whatever notations they have on there are for some work they may be pre-
(2267) paring. Whether they are allocating the charge they believe should be charged to the various brands thereon I don't know. I have not seen any figures of any allocation of charges to the various brands that have been mentioned in there or a statement to any effect that they have been prepared at all.

(The witness was then asked as to whether he could explain the figures "334" and then a colon and the fig-
1053 ures "50-50", appearing on page 202, to which objection was made by Mr. Mayer on the ground that counsel for the Larson Company had not shown that he was entitled to investigate the Australian company. Until he had done so, he had no right to ask any questions as to what the Australian Company did or did not do. Mr. Mayer
1055 also objected on the ground that it was not proper cross examination. The objection was overruled).

I have not the slightest idea what they are. (Referring to Mr. Aldrich's question) I have never seen the figures before and don't know what they refer to. I repeat I have not got the faintest idea what these remarks on that advertisement on page 202 refer to. I have never seen them before. This book is not our property and we have not control of what appears on the side of any advertisement. I have not any doubt that 204 is also an Australian
1057 advertisement. I see the notation on page 204, viz., "285 li" and then "50-50" and "215" underneath it and

then just a line with one spear head on it, and at the left of this picture the figures "143" and below that
1058 "215", then a line drawn and then "358" and then I find "li" and a line with one spear head on it and then below that I find the figures "142" with a double spear like Doublemint, and will say in explanation I have talked to Mr. John Stewart of the Stewart Davis Advertising
(2268) Agency of the efficacy of finding out what the brands in the different places where they are manufactured would cost; I believe, at the present time, on the basis of my talk with Mr. John Stewart that he has been endeavoring to apportion the Australian advertising as to the cost which should be allocated to the two brands which are allocated there. What figures he has used, how he has used them and why he has used them, when he used them, I don't know. I have never seen the figures before.
1059 March 5, 1919

Page 205 is an Australian advertisement. At the right of this page there are the following figures and words written "300 lines" and then after that "50-50" and then below that "200" and a ditto mark for lines and a spear head with one end on it, and then below that also a notation on the side of the page "350 li" for lines and with the sign of one spear head to the right of it and below that "150", a ditto mark and then the double spear head
1060 like the Doublemint head. On page 208 there are two Australian advertisements or forms of advertisement. To the right of the upper advertisement the following words are written on the margin, "Same div. as 3 col. ads. as between" and then a spear head with one end the word "and" and a spearhead with two heads or ends. On page 218 there are two Canadian advertisements and at the top of that page is written "These patterns to Toronto 12/2/16". That is the handwriting of the
1061 Stewart Davis Advertising Agency. The Stewart Davis Company did at various times help me in the division as to the line space used in the advertisements which appear in the accounting as presented to the master. On pages 222 and 223 there are proofs of advertisements which have been used in French newspapers and in Australian newspapers. I refer to the two advertisements appearing at the right hand of page 222 and 223. The
(2269) one on the right hand side of page 222 has written above it "To Melbourne Age, December, 1916" and the

one on the right hand side of 223 has the same notation.
1062 On page 224 there are two advertisements at the top of the page which are Canadian advertisements. They are apparently two-column, nine-inch advertisements prepared by the Stewart Davis Advertising Agency for Wm. Wrigley Jr. Company Ltd. and presumably have appeared in papers in the Province of Quebec. They are in French. Taking Larson Exhibit 32, the following appears at the top of page 1: "Australian ads #85 to 94 inclusive forwarded April, 1917" and at the right of the page in two columns, the right hand column, the Doublemint sign of a double headed spear and below that the figures "76" and "193" and a line drawn and below that "257"; in the column to the right of that headed by the sign of the single headed spear are the figures "38" and "193"
1063 and below that a line and then the addition "243" and below to the right a single headed spear and "8 li", and below that the figure 4, the ditto mark under lines, and at each side of that a single-headed spear. On page 2 is another Australian advertisement of Wrigley's Spearmint and Wrigley's Doublemint and at the right on the the margin of the sheet to which it is pasted a notation "50%" and then to the right of that a single headed spear and then below that "50%" and to the right of that a double headed spear, and on page 3 there is another Australian advertisement of the Wrigley's Spearmint and Doublemint gum and at the right written on the margin of the sheet "500" and then below that "14", a line drawn, and the remainder "486", and two columns, one headed by the spear with one head, "14 li 243" and then a line drawn and the addition made "257"; and on the other under the head of the double headed spear, the sign
(2270) of it "243". At page 4 is another Wrigley advertise-
1064 ment of Spearmint and Doublemint and to the right on the margin under the sign of the single headed spear we have the figures "200", under that "45", under that "105", a line drawn, the total "350"—the word "total" is not there but just "350"; under the head of the double headed spear we have "45" and "105", a line drawn and "150" under the line. Lower down in the same margin we have the figures "69½", there is a "3" under that, a line drawn, and below that the figures "208½" and still lower on the same margin of page 4 we have the figures "350", to the right of it "li" and then to the right of that

the single headed spear, and then we have below that "150", the letters "li" and the double headed spear to the right of that; page 5 is another Australian advertisement of Wrigley's Spearmint and Doublemint gums. On the margin at the top of this advertisement is found under the sign of the single headed spear the figures "225" and the figures "50" and then below a line drawn "275" and then under the sign of the double headed spear the figures "225", and at the right of this advertisement is found the figures "275", the letters "li" and then to the right of
1065 that the single headed spear and under this the figures "225", the letters "li" and the double headed spear to the right of that at the side. Then at the left of this page is found the figures "3/5 of 85 li = 50 li" and over this the sign of the single headed spear.

(A discussion then arose as to whether there had been a stipulation entered into with respect to the introduction of the seven books of advertising or the use that should be made of the same by the parties. As a result of this discussion, the following occurred:

(2271) The Master: It is agreed that these books and the
1073 specimens of advertisements contained therein shall not formally be offered in evidence, but that either side may before the master or before any court that may hereafter hear this case select from these books any part or parts that such side may desire to call the court's attention to, and when selected they shall have all the force and effect of evidence the same as if they had been specifically offered. This stipulation is made for the purpose of avoiding the necessity of introducing these books that are voluminous and would make an expensive and cumbersome record.

Mr. Mayer: There is another addition I would want made to the stipulation as just how suggested by the master for the benefit of counsel, viz., that whichever side desires to have in the record any particular portions of any of these seven volumes, that he must make his selection he closes his own proof.

1074 The Master: Do you mean before the Master?

Mr. Mayer: Yes, before he closes his own proof before the master. Otherwise, speaking for myself, we will not know what is in the record and what may have to be argued before the master, and of course in like manner the Larson Company will know before we close our proofs

what particular advertisements we will offer in the record, and I want to add further to the master's suggested stipulation that the copies, if any, to be actually offered in evidence by either side shall be photographic reproductions.

(To Mr. Aldrich): What do you say to the stipulation which the master suggested as qualified by my additions?

Mr. Aldrich: As I now see it, I don't see any objection to it, reserving at all times my objection to the competency of the testimony.

(2272) Mr. Mayer: Certainly. Then, if the master please,
1074 I will proceed upon the line suggested by this stipulation.

2

Mr. Mayer: I know there was never any contemplation by me that admitted anything not competent into evidence. I want to be sure that the master so understood it, that we were not discussing the question of what was competent, what was relevant or what was admissible, but merely the question as to how the things that are offered in evidence should be available on argument before the master and before the courts.

1075 Mr. Aldrich: I am willing to say, Mr. Mayer has the full right to object to the competency and relevancy of anything I refer to here, and I offer now and I present to counsel an additional stipulation upon that subject, and that is this: I will in any future hearings of this case limit myself in my comments to the court and my use of these several exhibits to such pages as I have upon this record specifically called to the attention of opposing counsel and which the master has ruled to be competent and legitimate and he must limit himself in the same way.

The Master: I will overrule the objection and admit the evidence subject to the objection.

Mr. Aldrich: I now make a formal offer of all the pages to which I have directed the attention of Mr. Stanley in the Larson Exhibits to this point.

Mr. Mayer: Am I correct in saying that I understand this discussion which has been had and which is not to be reported in extenso, that I am to be allowed an objection to each question put by Mr. Aldrich with regard to any of these pencil memoranda not made by the witness and
(2273) also with regard to all advertisements by the Canadian corporation and also with regard to all advertisements by

the Australian corporation the same as though the objection had been made in each instance at the time and as
1076 though those objections had been based upon the incompetency, irrelevancy and immateriality of the testimony.

The Master: Yes.

Mr. Aldrich: I so concede too.

Mr. Mayer: Well now, I move to strike out the answers to all those questions and I understand the master will take them subject to objection.

The Master: Yes. The objection will be overruled and the testimony admitted subject to the objection, and the motion to strike denied.

Mr. Mayer: And as to all future questions along the same lines will the record be the same?

The Master: Yes.

Mr. Mayer: So that I need not object to each question?

Mr. Aldrich: I so agree.

Mr. Mayer: May it also be understood that in so far as the record has been written up indicating a stipulation with regard to the use of these seven advertising books, Larson Exhibits, for identification Nos. 30 to 36, that there has been no stipulation heretofore made at any time to the effect that the books or any portions thereof or any of the contents thereof are competent, relevant or material?

Mr. Aldrich: I have no objection to that stipulation. I indicated my intention of reserving the question of competency and I claim nothing which I would not concede to
1077 you. In making that concession I don't wish to change the stipulation that the master has ordered now made a part of the record I have given you simply my interpretation of it.)

(2274) (The witness resumed)

1077 Referring to page 6 of Larson Exhibit 32 for identification which is an Australian advertisement, at the top of the page is found the notation under a spear head with one head on it "330" and then under that "85", a line drawn, the total "415"—the word "total" is not there—"415" under that and then under another column that is headed by a double spear the figures "85", and at the right of this same advertisement is found the figures "415 li" and then to the right of that a single headed spear and below that the figures "85", the letters "li"

and to the right of that a double headed spear, and on page 7 of the same volume is found another Australian advertisement and at the top of the page of this advertisement is found under a single headed spear the figures
1078 "180" and below that "160", a line drawn and below that "340", and under the double headed spear are found the figures "160". To the right on the right margin of this advertisement is found the figures "340 li", and then to the right of that a single headed spear head and below that "160", ditto mark, and to the right of that a double headed spear. On page 8 of this same Larson Exhibit is another Australian Exhibit and to the right on the margin is found "50" and then the percent sign, and to the right a single headed spear, and below that "50%" and to the right of that a double headed spear. This is an Austrlian advertisement of Wrigley's Spearmint and Wrigley's Doublemint. On page 9 is found another Australian advertisement and to the right of that on the margin is found the figures "390", and to the right of that a single headed spear and below that "110" and to the right of that a double headed spear. That's an
1079 advertisement which apparently appeared in Australian papers advertising Wrigley's Spearmint and Wrigley's Doublemint. I should say the total lines of that advertisement are 500 agate lines. An agate line is the measure by which publishers measure space sold in newspapers; it is one column wide and there are 14 agate lines to an inch, one column high. If there are several column and the depth should be say two inches and the number of columns is three, it would follow that there would be 3 times 28 agate lines, or a total of 84 lines, agate lines. In making my computations of allocation for the account which was filed I measured space in the manner I have just described. I measured it at fourteen agate lines to an inch one column wide, one newspaper column wide, so that if the width of the advertisement was the equivalent of two columns of a newspaper and was one inch in height, I would call that 28 agate lines.

(The following then occurred.)

1080 (Mr. Mayer: It Is Stipulated That neither the word "Spearmint" nor the word "Doublemint" has appeared in any of the pencil notations which Mr. Aldrich has read into the record from any of these advertising books and

that wherever he has used the word "Spearmint" is has been simply because there would be a pencil figure of an arrow or spear, and wherever he has used the word "Doublemint" it has been simply because there has been a pencil figure of either a double headed arrow or double headed spear.

Mr. Aldrich: That is satisfactory.

Mr. Mayer: It Is Also Stipulated That the same exists with regard to all other pencil marginal notations that Mr. Aldrich is going to refer to.)

(2276) Page 10 is another Australian advertisement. There is found at the left of the advertisement under the sign of the Spearmint the figures "306", below that "70", a line, and below that "376"; under the Doublemint sign the figures "55", "69", below that a line and then "124"; and on the right hand side the figures "306" and opposite that the sign of Spearmint, a single headed spear; and further down at the right of this advertise-
1081 ment the figures "55 li" and the double headed sign of Doublemint. At page 18 is a Canadian advertisement advertising Spearmint, Juicy Fruit and Doublemint. The date given at the top is 5/15/17. I should think that was the date that ad was prepared to be sent to the Canadian publishers by the Stewart Davis Advertising Agency. That would be May 15, 1917. The subsequent advertisements running from 18 to 29 inclusive so far as I can see in glancing over them are advertisements which are for use in Canadian newspapers and must have been
1082 in use subsequent to the date just read. On page 28 there is a date June, 1917. The advertisements on pages 58 and 59 are advertisements which appeared in U. S. A. newspapers subsequent to June 1917. I would point out the fact that the figures on that page on the right hand side of the advertisement are my figures in each case. That is, my pencil figures. That is true of both pages 58 and 59.

(Counsel then agreed that it was understood that the pages to which the witness's attention was directed were being offered in evidence.)

On page 92 of Larson Exhibit 32 is an Australian advertisement which appeared in the Australian Melbourne
(2277) Age. This advertisement I think appeared at a later
1083 date than January, 1918. The dates at the top of the Australian advertisements I should say refer to the date

at which the advertisements were prepared here in Chicago for dispatch to Australia. At the bottom of this page below the advertisements are the figures "50%" and a single headed spear to the right and "50%" with a double headed spear. On the next page 93, which is also an Australian advertisement, below the advertisement there is "50-50". On page 94 the one underneath is the proof of a newspaper advertisement. The one on top is an actual advertisement which appeared in the paper, which has been cut out from the newspaper which I think is the Melbourne Age. On the newspaper part of it there is "Note change", and there is a circle drawn around "J. C. Gambles & Coy, Sole Aust. Agents, Roseberry, Sydney". This appears to be in the handwriting of John Stewart. The reason that is encircled is very apparent on comparison with the copy beneath, the address of J. C. Gambles & Coy, Sole Aust. Agents, Roseberry, Sydney, is given in the actual newspaper adver-
1084 tisement whereas the copy that was prepared in Chicago gives the address of J. C. Gambles & Coy as Commerce House, Melbourne. Below this advertisement is also the notation "50-50". On page 95 which is also an Australian advertisement is found "50-50" and the notation "Mats". "for'd" appearing there means forwarded. There is also a notation "For'd to Australia 1/18/18". I presume that the handwriting is that of John Stewart. Pages 96 and 97 are likewise Australian advertisements appearing in Australian newspapers. Below them are the notations "50-50". I guess all the way through these
(2278) advertisements that the handwriting in pencil is the handwriting of Mr. John Stewart. Referring to the let-
1085 ter under date of January 17, 1917, I will say, and it is not entirely to be disguised, that we have often acted as intermediary agents for the transmission of information pertaining to the Australian business to the Stewart Davis Advertising Agency.

(Mr. Aldrich then offered in evidence the letter inserted between pages 102 and 103, which letter was marked Larson Exhibit 47 and was received in evidence.)

1085 (Larson Exhibit 47.)

1086 I don't know what the spearhead mark means on that letter. I did not put it on there. The notation appearing at the lower left hand corner of this letter "Still holds" and below that "December, 1918" I think is in

Mr. Stewart's handwriting. The "t. f." appearing at page 113 in "Ads #91 to 98 incl. ordered Apl. 4, 1918, to rotate t. f." means Till forbid. I did not say those
1087 were Canadian advertisements, but they are apparently a series of advertisements that have been prepared by the Stewart Davis Advertising Agency for Canadian newspapers. The notation at the top of the advertisement on page 122 "10 ads S1 to 10 incl. for 'Stars & Stripes' in France sent to N. Y. 4/18/18" refers to the ten plates which were prepared, No. S1 to 10 for insertion in the A. E. F. newspaper, Stars and Stripes, which was published in France for the American Army. (The advertisement appearing on page 122 of Larson Exhibit 32 was then offered in evidence by Mr. Aldrich, marked Larson's Exhibit 48, and received in evidence.)
1088 (Larson Exhibit 48.)
1089 I can't tell how the cost of that was apportioned without looking up some papers that I don't happen to have here. That was a special advertisement which was run
(2279) in one special paper. The succeeding nine numbers
1089 are all of the same character. I don't know just when they appeared. I can find out the information and have it for you. It may never have appeared in there though. On page 132 above the advertisement the notation "5 ads #82-85-86-87-88 for French-Canadian papers, May, 1918" refers to the ad appearing on that page and the four succeeding pages. On page 137 are found several ads in French with the notation at the top of the page of "5 D. C. French Canadian #92-95-96-97 & 97 May, 1918".

(2280) March 6, 1919.

1090 WILLIAM H. STANLEY, being further examined on Re-direct by Mr. Aldrich, testified:

At the top of page 140 is found "8 ads for Trench and Camp papers July, 1918". Those advertisements appeared in the Trench and Camp papers published by cantonments of the military organization in America. They appeared on this side of the water. The advertisement on page 141 appeared in all the newspapers in the U. S. A. which we were using in the fall of 1918. We used them during the War Savings Stamp Drive. There

1091 is a notation on the side "U. S. reg. list Fall 1918. see over for 2nd ad", and the further notation "250" and then at the left there is a line and a "3" and below that "83". I don't know what that indicates. They are not figures of mine. I don't know why they have been put there, but I should think it was the allocation of the cost of that advertisement to the three brands advertised thereon. All of these advertisements of this series of 142, 143, 144, 145, 146 and 147 refer to Wrigley's Spearmint, Juicy Fruit and Doublemint. Several of the ads mentioned by you in your last reference to pages were not allocated in the advertising account at all; some of them have been allocated, one-third to each brand. By the statement "they were not allocated at all," I mean they were not used in the account for any charge against Dou-
1092 blemint, in the account presented to the Master. They were inserted at a date subsequent to the period at which the accounting presented to the Master was completed. As to whether I can state what ads are included in these that were not allocated I can't say without reference to the records which would necessitate getting the contracts to see where ads appeared. I know the ads on 144 and 145, certainly no portion of those ads were charged to Doublemint for the simple reason that in those ads we say that Doublemint is now wrapped in pink and pack-
(2281) ages, which is our first announcement after the change of the Doublemint package from a green end wax package to a pink end wax wrapped package, and they appeared in October and November, 1918. Turning to page 108 of Larson Exhibit 33, I can't tell when the advertisements on page 108 were inserted without reference to documents which would show exactly what they were prepared for and when they were used. These advertisements were prior to my connection with the Wm. Wrigley Jr. Company and I don't profess to have any information of advertisements which were used by the
1093 Wm. Wrigley Jr. Company prior to my connection with the firm. I see the notation "Ladies World N. Y. March, 1914". I think, as stated before, that these advertisements are put in the various books which belong to the Stewart Davis Advertising Agency as nearly in chronological order as it has been possible to do so. I am not sure whether it was in 1913 or 1914 when the sealed packages of the Wrigley Company were initiated. I can't

give any definite information about that because I have never had occasion to look into the question. It cannot be inferred that it was in 1914 from the fact that in the February number of the Saturday Evening Post Wrigley's Spearmint package was advertised as an unsealed package and in the March 21st number of the same publication it was advertised as a sealed package. The fact is that the Saturday Evening Post ads are prepared about two months before they appear in the Saturday Evening Post. What is on the advertisement in the Saturday Evening Post possibly may not be true to fact when the advertisement appears in the Saturday Evening Post as far as the details of the package end is
1094 concerned. I have here the February number of the Sat-
(2282) urday Evening Post to which counsel for the Wrigley Company refer. That appears attached between pages 106 and 107 of Larson Exhibit 33, but, as stated before, it is no criterion that at that time it had appeared actually to the public that the package was not wax wrapped. (Mr. Mayer then stated that he objected to this line of testimony on the ground that evidence as to
1095-6 the details of the advertisements before the accounting period were not competent. After a colloquy the Master stated there was no question to rule on. Mr. Aldrich called the witness' attention to the insertion between pages 110 and 111 and asked the witness if that was not an advertisement in the Saturday Evening Post of March 21, 1914. To this question objection was introduced but the objection was overruled and the witness answered "Yes". Mr. Aldrich then asked the witness whether it was the same advertisement or a duplicate thereof as had theretofore been offered in evidence as Larson Exhibit No. 4. Mr. Mayer objected to the question. (The objection was overruled.) The witness continued:

The insertion which appears between pages 110 and 111 showing proof of an advertisement which appeared in the Saturday Evening Post of March 21, 1914, in Larson Exhibit 33, is similar on general lines to Larson Exhibit No. 4. There are material differences as to headlines and footlines and notations. The insertion in Larson Exhibit No. 33 is a printer's proof which has been evidently submitted to the Stewart Davis Advertising Agency for an O. K. Larson Exhibit No. 4 is apparently an actual extract from the center of the issue of the Saturday Evening

1097 Post of March 21, 1914. I don't see on glancing over any material differences as to whether there are any differences in the picture itself; that is, getting into a technical
(2283) question, a depth of color and things of that sort. The material differences I have reference to are of a general nature such as package, text, design and color. Apparently the inseration between 110 and 111 was the copy from which the Saturday Evening Post published the picture which is in evidence as Larson Exhibit No. 4, The advertisement appearing as an insert between pages 144 and 145 is apparently a proof copy of an advertisement which appeared in the Saturday Evening Post of February 27, 1915. Referring to my working records the
1098 charge for the advertisement appearing in the Saturday Evening Post February 27, 1915, has been apportioned, 50% to Wrigley's Spearmint and 50% to Wrigley's Doublemint.

It was there understood by the Master and agreed to by counsel for both parties that every page to which reference was made by Mr. Aldrich on examining the witnesses were to be deemed in the record. The following then occurred:

"Mr. Aldrich: I think it already appears in the record that these advertisements that I refer to are deemed in the record although I don't make copies of them.

The Master: Yes.

Mr. Aldrich: And that counsel won't be surprised then if I refer to them.

The Master: No, I understand that every page to which you refer on examining the witnesses is regarded as a page selected by you under that stipulation.

Mr. Aldrich: Yes.

Mr. Mayer: And is it also understood that I am objecting to every page for every reason and that the master is overruling the objection and receiving the evidence subject to the objection?

The Master: Yes.

Mr. Aldrich: I so understand it.

The Master: Of course, the object of this stipulation is to avoid the necessity of procuring copies or originals of all these things and putting them into the record, as you would ordinarily put an exhibit into a case."

On page 149 are some Canadian advertisements purporting to have been inserted in Canadian farm papers in

1099 May, 1915. They must have been making Doublemint in Canada at that time, otherwise we would not have adver-
(2284) tised Doublemint in Canada, or "we" must have been instead of "they". That was prior to the organization of the Canadian corporation. The advertisement appearing at page 151 of Exhibit 33 was in the Youth's Companion under date of June 17, 1915. That advertisement was allocated $197.80 to Spearmint, $229.00 to Wrigley's Doublemint. As to why I gave Doublemint more than Spearmint in that advertisement I should say it was very evident from the text that that is put out with the principal idea of getting the readers who see that advertisement to write to the Wm. Wrigley Jr. Company at Chicago for a sample of Wrigley's Doublemint. The special card on the lower lefthand corner states:

"Wm. Wrigley Jr. Co.
1400 Kesner Bldg.,
Chicago.
Send 'Wrigley's Mother Goose' and sample of Wrigley's Doublemint to

_____

(Postal will do if you don't want to clip coupon.)"

1100 It has been allocated principally on a space basis. The mere fact that the advertisement calls particular attention to Doublemint and asks the readers to send in for a Doublemint package and a free sample has not been taken into consideration. The major portion of the text of that refers in the lower half to Wrigley's Doublemint. That advertisement has been actually allocated on a measurement basis, on a space basis. Mr. Aldrich stated he finds a notation on this advertisement at the right, first, the sign of the single headed spear, and to the right "555", then the double headed spear and to its right "585" and below a line drawn, "1140"—lines, I think that is meant
(2285) for lines. I should almost assume that is John Stewart's handwriting. In order that there may be no misunderstanding as to the method of allocating the charge
1101 for the advertisement on page 151 of Larson Exhibit 33, I will explain in detail what method was adopted. The advertisement referred to has been taken as a whole to find out the number of lines thereon. A deduction has been made for the space which specifically referred to Wrigley's Doublemint and deducted from the whole; the

remainder of the lines in this advertisement has been taken as referring to both brands. When I refer to the space which specifically mentions Doublemint I have no reference to the space where Doublemint and Spearmint is referred to in equal proportion. The space which specifically refers to Doublemint in this advertisement in question is where it commences with the words "With a free sample of the new peppermint flavor, Doublemint, upon request", the wording below that, and a coupon at the lower left-hand corner. Those items have been deducted from the total number of lines and the balance of the lines have been allocated, 50% to Spearmint and 50% to Doublemint, on the assumption that the space which is allocated equally to Spearmint and Doublemint has an equal significance for each brand. There are certain items in this advertisement where a Doublemint package may appear a little larger than a Spearmint package, but being
1102 minor details, we never accounted for small, insignificant packages which would not have much bearing upon the effect of the advertisement to the reader. For instance, I would call attention to this Mother Goose booklet where the biggest package on one side is a Doublemint package.
(2286) We never made Doublemint pay for any more space because of that than the Spearmint package. We have never considered such practically infinitesimal details as that. If there were any advantage accruing to Doublemint for that small difference in size, we have not taken any account of it. When I subtracted the parts that had to do exclusively with Doublemint I charged Doublemint with that space and then I charged the balance which had to do equally with Spearmint and Doublemint to both of
1103 them in equal parts. As to the question as to whether I made an allowance in this advertisement for that which refers to Wrigley or Wrigley's name, independent of the rest of the text. Well, I don't just exactly understand that question because the whole advertisement refers to Wrigley's business. Selling Spearmint and Doublemint was our principal business at the time this advertisement appeared. With respect to the space at the top of the page where there appears in large type and in red three lines or portions of lines reading as follows: "Get a sample of Wrigley's and a quaint Mother Goose book in colors free" that space has been allocated, 50% to Spearmint and 50% to Doublemint, although in my opinion the

reader of that advertisement would know that he could not get a sample of Wrigley's Spearmint. It should, if reduced to an absolute scientific basis, have been charged entirely to Wrigley's Doublemint. As a matter of fact, the effect of advertising is not what it should be charged to, but the effect on the reader, that is to say, if brands were advertised of equal intensity, the reader would in his opinion say that the brands were equally advertised. Whether he bought Spearmint or Doublemint is an element of taste which the advertisement cannot control in
(2287) and of itself. The consumer, the ultimate purchaser, is the judge of what flavors he prefers. This advertisement here was put out solely and only with the idea of getting the readers of this advertisement to write to the address given on the card in the lower left-hand corner for a sample of Wrigley's Doublemint. That was the sole
1104 purpose of the advertisement. (The following then occurred:

"The Master: Well then, you don't take the view that the proper way is to measure the actual space occupied by the things advertised, but that you should get at the question as to who should pay the cost of an advertisement by the effect it has on the reader?

A. No, we have not taken that system.

The Master: I know you have not, but, as I understood your last answer, it indicated to me that that was your view of the proper way to get at it.

A. It is one of the views I might express. It is not the system we have used in the accounting.")

1106 As to whether it is to be inferred from the notation appearing on the side of the Canadian advertisement appearing in the left hand corner of page 152 that the advertisement was allocated fifty-fifty, I would almost assume that that is so although I don't happen to have at hand the exact working sheets on these two advertisements. There is on doubt, however, that we have taken the cost of those advertisevents at fifty per cent for Spearmint and fifty per cent for Wrigley's Doublemint on the basis that there is an equal prominence given to the two brands named thereon. By equal
1107 prominence I mean the space occupied by the text and the pictures referring to specifically one or the other of the brands. I could not tell how much these advertisements costs without getting all the papers together,

(2288) giving a rough estimate, approximately they would probably cost along about $1000. On page 153 of this record is found an advertisement purporting to be for Canadian papers in September, 1915, and marked "O.Ked 7/19/15" and to the right is found an allocation "25%" and then to the right of that the single spear head and then "75", and then the double spear head. I don't think that allocation was mine. Those pencil notations are not any of mine. I had nothing to do with the making of them. As to whether I have any doubt that that is Mr. Stewart's handwriting, I think my basic idea and the basic idea of counsel for the Larson Company is very different. But they are not for the purpose of charging the space which has been occupied by that particular advertisement in the present accounting. Those figures have been made after I had finished with those records for the purpose of the accounting as filed with the Master. As to whether I mean they were made after the accounting had been filed or after I prepared my figures for the accounting or be-
1109 fore I prepared those figures, I would say it was after I prepared the figures and had done with these books and handed them back to the Stewart Davis Advertising Agency. They had no reference whatsoever to figures I actually used for advertising purposes. As to whether that's true of all the figures I testified to yesterday and today, I think with the exception of one notation which appeared on the right-hand of an American advertisement; I am doubtful as to whether that was put in before or after I had done with the records. In my mind I should say that was the only notation of a similar nature to the ones here under discussion which appeared in the books before I handed them back to the Stewart Davis Advertising Agency, having finished with them for my purposes in allocating the charges to
(2289) Doublemint as to the space used. I notice the line drawn across the picture at page 153. As to Mr. Aldrich's statement that he understands my explanation this morning as to the day when those figures were put on that I am unable to account for it and they were put there for amusement so far as I know and not for any
1110 utilitarian purpose. I will state that I have a very different opinion on that subject. They have not put them there for amusement purposes at all. Since yes-

terday I inquired from Mr. Stewart why those pencil notations which Mr. Aldrich referred to were placed there. I was not aware before that conversation as to the purpose for which they were put there. I have testified already that I did not know what the figures were there for or what they refer to or when they were put there, and I also testified that I had not seen the figures before in the books. The information I have obtained with regard to the pencil notations in the books which we have heretofore referred to is as follows, viz., that they have been put in there with the idea of finding out just how much the sketch work and the cost of etching plates has been for the various portions of the advertisements. They have no reference whatsoever as to the space used in the newspapers, they have no reference whatsoever as to the cost of the final plates or mattresses which reached the publisher, but are for the purpose of finding out just what the sketch actually did cost and what the etched plate cost. For instance, on some of these advertisements you will find there is a line drawn, and in particular we will refer to the advertisements on page 153 of Larson Exhibit 33. In preparing an advertisement the first thing that we do is to make the sketch. This is done by an artist without any text
(2290) being put on that sketch whatsoever except such as appears on the package in the place it is to appear; after the sketch is prepared this sketch is sent over to an engraver who makes an etched plate of the text part and design. In this case here (page 153) it refers to the border of the lower half and practically all the upper
1112 portion, which is a ben-dayed and half tone effect. Now, this etched plate which had been received from the engraver might have been used entirely and solely for a Doublemint advertisement. Mr. Stewart, I am informed, was trying to find out just what the cost of those sketches and the etched plates were, he was not trying to find out what that advertisement cost as a whole; he was neither trying to find out what the space taken by that advertisement cost. This plate could have been used, as I stated before, entirely for a Doublemint ad. Its present use, however, is in connection with Doublemint and Spearmint.

Mr. Mayer: As it appears on page 153 you mean?

A. As it appears on page 153. Therefore the cost of the space occupied by that plate when finished with the

text in the newspapers in its allocation had no bearing or no connection whatsoever with the figures he has used on the right-hand side of this upper advertisement on page 153. There is a material difference between finding out what a sketch cost and what a finished plate cost. A sketch such as this might have been used in fifty different plates and for fifty different advertisements. It is easy to alter the text which is below the sketch at the top. We could have taken that etched plate and
(2291) put in here nothing but Doublemint in another place, but the cost of that sketch would have been in John Stewart's opinion a cost against Doublemint. Most of out plate work I might add is used only once, that is,
1113 the sketches and the engraver's plates serve only one purpose. They are prepared for one specific advertisement and then destroyed or melted up. In some of these instances Mr. John Stewart informs me that in trying to find out the figures which should be applied to the cost of the engraved plate—I am not referring to the finished plate which the publisher gets, but the etched plate, and also the sketch work—that he went somewhat drastically on the principle which I had given him when we were working together in computing the number of lines occupied in any given advertisement for Wrigley's Doublemint. The instructions to John Stewart and our understanding was that we should, wherever there was a doubt, give Spearmint the advantage as to the cost which should be apportioned to it. By advantage I mean it should have more cost apportioned to it than Doublemint. We should never leave any doubt that we had overcharged in our allocation of the charges to Doublemint one fraction more than it actually should stand and bear. In cases of doubt where there as been equal prominence but there has been a package which has been visible and it should happen to have been a Spearmint package we have actually taken out of the total cost of that advertisement the cost of the space occupied by that Spearmint package, although to a casual observer it might not have been noticeable. I am speaking now of the allocation which I used to prepare the account
1114 filed before the Master and as to the preparation of which Mr. Stewart gave me some assistance. I am not
(2292) referring in the latter part of my answer to the cost of the sketch work or the etched plates. I would like

to explain that Mr. Stewart informed me that some weeks ago I suggested to him that I would like to know what the plate work and sketches in connection with the various foreign advertising had cost us. He in getting up those details which he presented to me, so he says, and which he has proven by finding on my desk a statement which I assert I have not seen of the costs of the plate work and sketches in various foreign countries, did not know what countries I referred to when I said "foreign countries", he did not know that it was in connection with the accounting which we had filed with the master, he did not know whether I wanted Australian details, he did not think at the time he was getting them up whether they should have been put on that list, or any Canadian details. I don't think I can answer the question without qualification as to whether those pencil memoranda that were made apparently by Mr. Stewart and to which Mr. Aldrich has drawn my attention had reference to the cost of the naked plate or sketch broadly
1115 regardless as to what text should ultimately be inserted therein or as to how it was used. They are figures which have been prepared by Mr. John Stewart and which he states were awaiting my opinion as to the method he had used as he presumed he had used the same method in getting up these figures that I had used in the accounting as presented to the master. They have no bearing whatsoever on any figures we have used, nor are they of any significance as far as this accounting is concerned. Those pencil figures of Mr. Stewart, according to my understanding, had nothing to do with the advertisement as it appeared at all but merely with respect to the cost of the sketch or plate regardless of
(2293) whether it advertised Doublemint or Juicy Fruit or Tulu or any other gum. They are just his rough idea of what the sketches and engraved plates should bear as one brand compares with another. I think I have finished my explanation. With the exception of one instance I believe these figures were not on this book
1116 when I used it for the purpose of the accounting. I was totally surprised when I saw the figures. I did not know
1117 of their existence. With the exception stated, to the best of my knowledge and belief they have been put in since that time. I observe that they deal with advertisements ranging from July 1014 on. The purpose of

making an examination as to the plate work since that time would be that I want to know, one question might lead up to another, if we made an accounting for Wrigley's Doublemint in the U. S. A., there would be nothing in the world to stop me finding out whether I would not like to have some details as to other parts of the world where we had sold and advertised Doublemint. The
1118 plate work had all been paid for prior to that time. We did not have the bills for it. They are all bills that go to the Stewart Davis Advertising Agency. I believe we have paid Stewart Davis for everything they have done for us and we had on our books accounts of all payments to Stewart Davis on account of this work. As to our interest in digging up what the plate work cost as distinguished from the completed engraving or the advertising itself, as I take it, I have a perfect right to demand from the Stewart Davis Advertising Agency the particulars of the cost of everything which they do for us and which we pay them for, and I have made use of my rights on many occasions, not only in this instance but on charges of a similar nature.

(2294) As to our right to know the inside of the Stewart Davis Company, I don't consider that an inside of their business at all. When I give the Stewart Davis Advertising Agency instructions to prepare a plate I take it for granted that I can insist when they sublet that work to others on seeing what the charges they have paid are.

(2295) (The witness was then asked on what percentage
1119 the Stewart-Davis Advertising Agency was handling the Wrigley advertising. To this question the Master sustained an objection on the ground that the Wrigley Company should not be required to disclose their private business affairs, unless there was some reason why the actual figures were necessary. To which Mr. Mayer added that there was no objection to letting the Master's Auditor see the figures if they had any bearing on the account.)

1120 The purpose of my asking them to find out the cost of the plate work and the sketches was to find out just what the foreign advertising done by the Wm. Wrigley Jr. Company cost in its initial stages. I can find out from the books what it cost in later stages, but we do not keep on our books the absolute actual cost of the plate which might be used in six different countries.

I procured this information because the Wrigley Company's counsel asked me to get it. I can't tell what a plate costs per inch. There is no connection whatsoever between the cost of the plate and the advertising. The plate costs as much to put it in a two-stick town, coun-
1121 try newspaper as it does in the New York World. I can't tell what a plate like the one on page 153 costs. There is absolutely no normal figure which can be laid down for the cost of plates per square inch. It depends upon a million different things. That might be a metal composition plate or a paper plate. The original certainly is not paper, the original is a metal plate. From the original the duplicates are made which we call electro-types in metal and mattresses are also made in a combination of carboard and paper. If you want to know which papers we sent plates and to which papers we sent mattresses, that is a matter only the advertising agents keep on their books.

(Mr. Mayer stated to Mr. Aldrich that if he wanted to know the cost of any particular plate or in what particu-
(2296) lar papers any particular plate was used for inser-
1121 tion, Wrigley Company would be glad to ascertain it.

1122 (March 6, 1919). The request to ascertain the plate cost pertained to foreign advertising. I think Mr. Stewart misunderstood when I said foreign advertising. He has included apparently in his review advertising everywhere outside of the U. S. A. which they did. I have not his review with me. I have not any review of the total advertising which was done. He did get up some small sheet which was lying on my desk and which I have not seen yet. I did not see it until he called my attention to it last night, but I did see it then. By not having seen it I mean I have not looked at it any more than to verify that there is a sheet there with some writ-
1123 ing on and some figures. I don't know what they are.

(Mr. Mayer then objected to the witness being interrogated with respect to a document that is not offered to be produced or offered in evidence, and the objection was sustained.)

As to how long it would take me to get that document. I think that could be gotten by just picking it up on my desk. I think I can so describe it that somebody could be directed to bring it here. I have not any definite idea as to just when it was prepared. I think about

two or three weeks ago and subsequent to the accounting that was filed.

As to how I explained the presence of the same kind of notations on the side of American advertising in this book, in view of the nature of my instructions to Mr. Stewart that it was foreign advertising, I think I explained this morning that he had endeavored to use what was his opinion of the method I had used in computing
1124 the allocation of the charges to the different brands in the American advertising. As to what his purpose was
(2297) in making the figures opposite the American adver-
1124 tising, the figures that are against the American advertisements were, if I remember correctly, made in my presence. I differentiated this morning between the figures which were made against American advertisements —by American advertisements I mean advertisements which appeared in the United States newspapers—and those figures which had been made against advertising which had appeared in other countries. I qualified my statement very distinctly this morning in saying that I believed there were no figures in the book excepting one which I thought I remembered. There may have been two or more. I could not say without a very careful inspection of the books which ones I believe were on the book before I returned it to the Stewart-Davis Advertising Agency and which are ones which were not. I am positive, however, of one fact, viz., that the figures which are adjoining and pertain to the Canadian adver-
1125 tisements or any Australian advertisements which do not appear in the accounting as presented to the master were not in at the time I returned the books to the Stewart-Davis Advertising Agency after having used them for the purpose of obtaining the details necessary to allocate the charges to Spearmint and Doublemint and maybe other brands during the period which we have accounted for to the master. I may not have been very explicit in my statement, but what I meant to say is that figures against advertisements or proofs of advertisements which are in the books of the Stewart-Davis Advertising Agency, which apply to advertisements which we have not accounted for in the accounts presented to the master, were inserted in that book or those books by the Stewart-Davis Agency after my having returned them to them after I had finished the account-

ing for the Doublemint account as presented to the
(2298) court. My present testimony is that the Australian
1126 and Canadian advertising has been charged to the respective corporations organized in 1916 from the date of such advertising. In other words, in every instance these two companies paid for their own advertising. As to whether they paid directly to the Stewart Davis Advertising Agency or whether they paid to the Wrigley Company, I think I am pretty positive there that the Stewart-Davis Advertising Agency has always received the payment for the advertising which they have done for the Australian Company and for the Canadian Company direct. There may have been cases where we have advanced the money to the Stewart-Davis Advertising Agency and rebilled the like amount to the Canadian or the Australian Company. In no instance, however, has any amount been paid by the West Virginia corporation for any advertising which has been placed by the Stewart-Davis Advertising Agency on behalf of the Canadian or the Australian corporations. As to whether these payments were made at the time from month to month as the advertising was ordered and filled or as to whether there has been a somewhat recent attempt to make the separation, I will say there has been no recent
1127 attempt to segregate any charges of that sort. The method we are using now is the method we adopted at the organization of the separation. We have had nothing to do as a West Virginia corporation, except maybe as an intermediary, with any charges for advertising for the Canadian or Australian corporations. Take, for instance, the case of the Australian corporation. You ask whether month to month statements were made and paid for at the time the advertising appeared. Now, that is an impossibility. The advertising in Australia is sent direct to the newspapers in Australia by the Stewart-
(2299) Davis Advertising Agency. In some instances it has
1127 happened that the Stewart-Davis Advertising Agency has sent the plates to the Melbourne head office of the Australian company with instructions to forward on to the publishers, or they may have sent to any one particular publisher plates to be disseminated amongst the publishers in Australia or New Zealand. The bills for that advertising have probably been in Stewart-Davis' hands maybe three, four, five or even six months after

the advertising appeared. It is impossible to do things any quicker than that especially during war time. It is known to me that in some cases the Stewart-Davis Advertising Agency have prepaid advertising in Australia. As a director of that company I know more about the advertising than I would about the Canadian company. With regard to the Canadian company, the advertising
1128 I believe ever since the organization of the Canadian company has been paid for directly by the Canadian company. We have not acted as intermediary either for exchange or for payments, but I am not just positive of that point without I refer to the records.

I think it is a very natural matter for large companies not to go into small departmental advertising except there are specialties which are very different in character.

My explanation is not exactly that the figures appearing opposite the American advertising in Mr. Stewart's handwriting, if it be accepted that it is Mr. Stewart's handwriting, on these books is for the purpose of allocation of the proper charges in the account for such advertising or that the figures appearing as against the Canadian and Australian and other foreign advertising are for the purposes of ascertaining the plate cost. First of all I have seen so far only two American advertise-
(2300) ments where any figures made by anybody else than
1128 myself have appeared. Right before us now on Larson Exhibit 33, page 159, are some figures appearing against an American advertisement which are my figures. The figures which appear against the Canadian and Aus-
tralian advertisements, as I stated before, were pre-
1129 pared by Mr. John Stewart with the idea of finding out, not what the plates cost, but how he could apportion the cost of the sketches and the etched plates to the various brands advertised thereon. They have nothing to do with the finished plates and are I understand apportioned from a very different standpoint than an allocation would be made to find out the cost of the space as apportioned amongst different brands would be.

Referring to page 153 of Larson Exhibit 33 and the request that I measure and advise the court what would be the proper allocation as between the two gums named thereon, I would not like to say exactly just how much we have apportioned for that particular advertisement

against Doublemint. In my opinion we would have apportioned a larger amount to Doublemint than to Spearmint, just how much I can't say without I refer to the particular records on which we made that apportionment. We will let you know exactly within a very short time just what we charged to Doublemint for the particular advertisement shown in the upper left-hand corner of page 153 of Larson Exhibit 33. I mean I have
1130 not got that particular working sheet here. I have already produced working sheets as to advertisements in this book just before we adjourned for dinner. There are several working sheets which are absent. I have only brought over a portion of my working sheets. There are a lot of detail sheets which lead up to the sheets which I have brought over.

On different occasions during my examination on this
(2301) subject I have made measurements in the presence of
1130 the court and shown how the apportionment should be made. As to the question why I can't do that now with reference to this, I will say I would like to see my original working sheets on that first. We probably did on that advertisement there charge about 75% to Doublemint and 25% to Spearmint. I would not like to say exactly that we did do that. It was not in accordance with the figures that appear in lead pencil at the right of the advertisement. I have stated before that the figures that are on the right of the specific advertisement were not there when I did the apportionment for that advertisement. I made the apportionment. I did every apportionment that has appeared on the Doublemint accounting myself. The Stewart-Davis Advertising
1131 members assisted me, by producing the specific contracts to which the advertisement referred, by bringing me down details which we do not keep in our office, by finding out what it cost to prepare a certain advertisement, by finding out how long it appeared, where it appeared and when it appeared, the details of which we don't keep on our books. We certainly do not keep on our books the cost of any particular advertisement, but we can always produce the records which lead up to the cost of the items which appear on our books under advertising. We have an advertising account in gross and bills from time to time for advertising done. Those
1132 bills do not refer to refer to some advertising numbers.

A bill from the Stewart-Davis Advertising Agency gives the name of the newspaper, the date on which our advertisement appeared, without any reference to what the advertisement was, the cost of that advertisement and the total cost for the paper.

I don't understand the question asked me as to whether the cost to us is the cost which has been apportioned in this accounting. The cost of a newspaper ad has not
(2302) been apportioned in this accounting always. There
1132 are some advertisements which have not been apportioned in this accounting at all.

It is correct that we have in the newspapers at time free space and that in such cases we have not made any
1133 charge for the use of such free space. It is not correct that the cost to us of the advertising appearing at the top of page 153 is the cost that is apportioned. In addition to the cost of that advertisement there is the advertising agency's fee and also the plate cost. A combination of those costs has been apportioned, in so far as it refers to Doublemint, to Doublemint.

We have no contract between ourselves and the agency in writing. I have no recollection of testifying this morning to any contract which was on a percentage basis. We have no contract at all.

1134 (Mr. Aldrich then asked the following question: So that so far as any proof is concerned you now when you prepare this accounting can make it any figures you want to, is that right? To which Mr. Mayer objected on the ground that the matter was confidential and immaterial and not a proper question. The objection was overruled).

(The witness answered the question "No Sir" and continued:) The amounts which have been charged for commission by the Stewart-Davis Advertising Agency are placed at the foot of every bill which has been passed by us and received from them for advertising. There is nothing hidden in this account and we have not taken any guess figures at all as regards the advertising.
1135 These bills include the plate work separated from the advertising. I could have ascertained from our own bills what the plate work was without this work Mr. Stewart has recently done for me if I had not been in court most of the day and most of the time. I have one assistant.

(The advertisement at the top of page 159 of Larson Exhibit 33 was offered in evidence by Mr.
(2303) Aldrich. It was received in evidence and marked
1135 Exhibit 49).
1136 Larson Exhibit 49.
1137 I don't think there is any doubt in my mind but what the cost of that advertisement is apportioned, fifty per cent to Spearmint and fifty per cent to Doublemint. Unless I correct it, it will be so understood. I have my memorandum here. In looking up my memorandum and not guessing, $7.86 has been apportioned to Spearmint and $7.86 has been apportioned to Wrigley's Doublemint for the advertisement which appears on page 159 as shown under the heading "Confectioners' Review, Cincinnati, October, 1915".

As to why I am able to appeal to my working sheet to make the last answer and was not able to find anything about the top of page 153, I will reiterate that I have not the working sheets for that particular item here.
1138 The advertisement which appears on page 159 at the upper half is a magazine advertisement in the U. S. A., the details of which I have for each magazine used.

Those figures at page 160, opposite the advertisement at the lower left-hand corner, were made by me. The same thing is true on both sides of the advertisement appearing on page 162. The figures appearing in the right of the advertisements on page 171 in both cases are my figures. The same is true of 172 and 173.

(The following then took place):

Mr. Mayer: I understand that every page he refers to is a page that must be in evidence under the master's ruling.

Mr. Aldrich: I so understand, but I understand that in making up a record on this subject that the books will take the place of putting the things in the record. That's the way our stipulation reads.

The Master: You understand it alike I think.

Mr. Mayer: I don't think we misunderstand.
(2304) The advertisement appearing at the foot of page
1139 185 is apparently the one which appeared in the Army and Navy Register of 1917. The notation at the right "1/3rd ea" signifies that we have charged one-third of the cost of that advertisement to Wrigley's Doublemint, Wrigley's Spearmint and Wrigley's Juicy Fruit Ex-

port. Furthermore this advertisement should be taken in context with the advertisements which precede it and which have been interspersed with this advertisement. I will explain that there have been several advertisements placed in the Army and Navy Register. Some of the advertisements have shown the package and some
1140 have not because the space used is so small that to show the packages would have deteriorated from their value owing to the rough print paper which has been used. In other words, that's one of the series of advertisements that was limited to the three brands I have mentioned. As to how much was charged to Doublemint on account of that advertisement, in dollars, I have not got the cost of that particular advertisement in the details which I have here, but it can easily be procured. I will explain why I have not all my working papers here. Our newspaper advertising ran into some three or four, maybe five or six hundred thousand dollars. It necessitates the use of some three or four thousand contracts to find out just exactly what one advertisement cost. It necessitates a search through those contracts to pull out the information for that specific advertisement. Now, if over a given period certain contracts have been bunched together, the cost of those advertisements have been found. If the cost of those advertisements allotted in those contracts was 33⅓%, it was a very simple matter.
1141 It would be an endless job and would not be ready even by now to make a working paper of every advertisement that appeared. I have brought here what I regarded as my principal working sheets.

We have used the following method in finding out the apportionment charged to the different brands: By tak-
(2305) ing the magazines away from the newspapers and
1141 then finding out the apportionment of the newspaper. The figures in the notation at the right, indicating that it was divided by one-third are my figures.

(The witness was then asked if it was not correct that counsel had understood him to say in one of the former examinations that week that Wrigley's name had not been advertised prior to the termination of the accounting period alone and independent of any gums. The witness answered that it was not and continued:)

I think you will find on that advertisement that there is some mention about gum. I just glanced casually at

it. I will take a closer inspection. It says on that advertisement "For the Nation's Defenders on Land and Sea", underneath is "Wrigley's The flavor lasts", and to the right is, italicized type, between two sets of
1142 rules or double lines, the words "The perfect gum". Underneath that is the wording "Steadies nerves, quenches thirst, helps endurance, aids appetite and digestion, keeps the teeth clean. Largest selling gum in the world because it is made right, wrapped tight, holds its flavor and affords the greatest benefit and pleasure for 5 cents." Underneath in quotation marks "Chew it after every meal" and underneath that in small italicized type "Post exchanges and ship stores; order from grocery, candy, drug or tobacco jobbers." That advertisement was run, I should say, at the beginning of 1917. It is headed 1917. The cost of that advertisement was
1143 only a few dollars. The name "Wrigley's" is pictured here in a very promiment form in the advertisement on page 185.

At page 212 Exhibit 33 at the top of the page has an advertisement that purports to be in Confectioners' Review Holiday No. 1917. It shaws Wrigley's Juicy Fruit, Wrigley's Spearmint and Wrigley's Doublemint. The Confectioners' Review is published in the U. S. A.
1145 We don't advertise our foreign offices in that advertisement. We do refer to Toronto, London, Paris, Mel-
(2306) bourne, and so forth. The mention of the foreign
1145 offices is made there for the same reason that large firms similar to the Wm. Wrigley Jr. Company often put in their printed matter the addresses and the cities where their goods or goods of a similar nature are sold, which may be made under a license from the firm advertising. These addresses are in small type below the name of Wm. Wrigley Jr. Company.

I believe that the Wm. Wrigley Jr. Company's gum can be bought in every city and town in the United States and many countries abroad, that I testified to. We were not attempting to advertise the places where Wm. Wrigley Jr. Company's gum could be bought, but it is the custom to mention other cities where goods
1146 could be bought of a similar nature or in similar packages.

In some instances in these United States advertisements, we have been examining Wm. Wrigley Jr. Com-

pany is found as being located in the Kesner Building in Chicago at 5 Wabash Avenue. We refer very seldom to our firm name and address in the advertisements to avoid a great deal of correspondence from people we don't desire correspondence from.

The advertisement below the large one appearing on page 218 features Wrigley's in large type. It is an advertisement which appeared in The Gas Attack at Spartansburg, South Carolina, and it mentions in the lower left-hand corner Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit. There is a note at the side "1/3 each".

I don't think I ever made a statement in the form that I have understood that advertising the name of the proprietor or the name of the business was not calculated to build up good will and that it was only in connection
1147 with the gums mentioned that the advertising increased the sale. That was not my meaning.

(Mr. Aldrich then offered in evidence page 230 of Larson Exhibit 33. It was received in evidence and marked as Larson Exhibit 50.

(2307) (Larson Exhibit 50)

1148 That exhibit was allocated without a doubt 33⅓% to each brand. It only mentions three brands, Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export. It was published in "Our Navy" in June, 1918.

I have not got my working papers here. I will make a memorandum and report as to whether pages 1, 2 and 4 of Exhibit 34 are or are not included in the accounting filed with the master and when they were published.

1150 (Page 114 of Larson Exhibit 35 produced by witness). It is a photograph of a 24 sheet poster used generally throughout the U. S. A. Its cost was allocated as follows: 33⅓% to each brand noted thereon, viz., Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit. The advertisements appearing on pages 115 and 116 were each charged 33⅓ to the three brands mentioned there. That was in 1917 and it is a
1151 copy of the billboard. The lower copy on page 118 of this book was allocated 33⅓% to each brand, Wrigley's Spearmint, Wrigley's Doublemint and Wrigley's Juicy Fruit Export. It is a photograph of a 24 sheet poster used by us in the year 1918 and designated by us A-128.

Page 116 is likewise a photographic reproduction of a 24 sheet poster and is designated by me as A-109. It was used generally throughout the United States.

The advertisement appearing in Larson Exhibit 36, apparently being the one next to the last one appearing in the book, is a sign which has been painted within the last month in the State of New Jersey.

1152 (Said advertisement appearing on the next to the last page of Larson Exhibit 36, was offered in evidence by Mr. Aldrich. It was received in evidence and marked Larson Exhibit 51.)

1153 (Larson Exhibit 51.)

(2308) The photograph of the purported advertisement at
1154 the Buena Elevated Station of the Northwestern Railroad has not been charged at all to Wrigley's Doublemint. It has Wrigley's Doublemint, Juicy Fruit and Spearmint thereon. I don't know when it was put out. It was a sample board that was put up, cost us nothing, we paid nothing for it and did nothing with it.

(Said photograph of advertisement was offered in evidence by Mr. Aldrich. It was received in evidence and marked Larson Exhibit 52.)

1155 (Larson Exhibit 52.)

1156 Mr. Aldrich probably saw on his way by third rail to Glen Ellyn advertisements just advertising "Wrigley's" alone. I have referred to them before as filler space advertisements which cost us nothing. That is not true of the one on the New York Elevated Station, if reference is made to the 8 sheet poster on the New York Elevated Station on the right-hand side of the scrap book. That is not a free advertisement and has been charged to Wrigley's Doublemint.

1157 (The master then put his initials C. B. M. on photograph of New York Elevated Station advertisement described by Mr. Aldrich.)

That poster on the New York Elevated Station has appeared during the accounting period. It is what we call an 8 sheet bulletin. There is a small advertisement of Spearmint appearing at the right of the bulletin which has been described. It appears on the same photograph but it is not on the bulletin. That advertisement of Spearmint was not charged to Doublemint, and when I said that it was all charged to Doublemint, I did not include the Spearmint advertisement.

1158 (The photograph of the advertisement, which was marked by the master in lead pencil, was marked Larson Exhibit 33. It appears in book marked Larson Exhibit 36. It was marked Larson Exhibit 53, and was offered in evidence by Mr. Aldrich and was received in evidence.)

(2309) (Larson Exhibit 53)

1159 Mr. Mayer then stated to the Master that he wanted
1160 to file an adjustment of accounts which had been prepared by the officials of the Wrigley Company as a result of work they had done with a view of being absolutely certain that no mistakes were made. The said account was filed and during a discussion with relation thereto, Mr. Aldrich stated

"I have heretofore on the record accepted the manufacturing cost as reported by these people for the gum for which they are accounting."

(2310) March 7, 1919, 10:30 A. M.

1162 MR. WILLIAM H. STANLEY, on recross examination by Mr. Mayer testified:

I have since yesterday looked through the books and I find that if I made the statement that I have put my pencil memoranda only against two advertisements, that
1163 that statement was not correct. I find there are several pages on which I have left pencil memoranda showing the way I allocated the cost of the advertisement to
1164 the brands mentioned in the advertisements. When I testified regarding those pencil memoranda, I did not understand that I was being asked by anybody yesterday as to the number of pages in those advertising books that showed pencil notations by me. My understanding on that subject was that Mr. Aldrich wanted to know how many of the pages which he had up to that point brought to my notice contained pencil memoranda of my own or of Mr. Stewart. I understood the question to have referred to the particular pages to which Mr. Aldrich was directing my attention and not to any others. Mr. Aldrich interrogated me yesterday with regard to some notations on the margins of those seven advertising books which I said I thought were made by Mr. Stewart and also with regard to some memoranda which had been

sent to me by Mr. Stewart. I have those memoranda
1165 here. There are the identical memoranda which I referred to yesterday as having found in my desk and which I said I had not examined. I have looked them over for the first time this morning. I actually did not even see them last night because I could not put my hand on them. They are in precisely the same condition as when they were received by me. Those memoranda show a statement of the cost of designs, composition, engravings, plates, alteration of plates, postage, express, and so forth, stretching over a period from June 1, 1915, to October 31, 1918, of material which has been prepared by the Stewart-Davis Advertising Agency for advertising Wrigley's products in various foreign countries.
(2311) The foreign countries are named on the recapitulation
1165 sheet. They are Argentine, Australia, Canada, China
1166 and Japan, Cuba, France, Java, Panama, Philippines, Singapore, South Africa. The recapitulation sheet shows it has reference to Doublemint and contains among other things the following words: "Being cost of designs, composition, plates, postage, express, etc.," and underneath the dates "6/1/15 to 10/31/18." Then follow three large ledger sheets of items. The heading on the sheets is "Statement of Expenses for Foreign Adv. involving Doublemint." The first item is "6/11/15 Electros of Spearmint & Doublemint packages for Japan $1.71." The last item on the first sheet is "11/29/15 Patterns of Canadian newspaper advertisements C 27 to 36 $52.67." The intermediate items on that page are of a
1167 similar nature. That is to say, they refer to cost of patterns and colored drawings and zincs and compositions and electros and half tones. The bulk of the items on that sheet I would say are under five dollars, from a hasty examination. There are items on that sheet of forty-five cents and seventy-three cents and fifty-four cents. The first item on the second sheet of this memoranda is "12/17/15 Zincs of Doublemint packages for miscellaneous use 60c." The last item is "6/6/17 Composition on ads for Havana, Cuba $21.50." The intermediate items on that sheet are of the same general character. They refer to the cost of zincs and electros and composition and rubber stamps and hand lettering and patterns. The bulk of the items on that sheet are under
1168 ten dollars each and some of them are for 60 cents, $1.44

and $2.88 and $1.00 and $1.44. On the third sheet the first item is "6/20/17 Composition on ads 95 to 104 inclusive for Australia $48.50." The last item on that sheet is "4/29/18 Mats" (standing for mattresses) "Australian ads 4, 5 & 6 $13.62." The intermediate items on that third sheet are of the same general type, covering patterns, electros, mattresses, postage, express charges, zincs, and so forth. The bulk of the items on
(2312) that sheet are under ten dollars and some of them are
1168 60 cents and 90 cents and 40 cents and 56 cents. As totaled, all of the items on the three sheets aggregate $808.07 and those items are distributed according to
1169 those memoranda as follows:

Argentine	$75.49
Australia	258.05
Canada	294.53
China & Japan	30.02
Cuba	25.19
France	32.12
Java	9.75
Panama	50.02
Philippines	9.88
Singapore	20.39
South Africa	2.64

making a total of $808.07.

(Said statement headed "Statement of Expenses for Foreign Adv. involving Doublemint" was offered in evi-
1170 dence by Mr. Mayer. It was received in evidence and marked Larson Exhibit 54—It was stipulated that the master's stenographer might make copies thereof, to be marked Larson Exhibit 54, in lieu of the original and that the original might be withdrawn on the further stipulation that the original might be on hand when Mr. Aldrich re-examined the witness on the subject matter.)

This memorandum is in Mr. Stewart's handwriting. As to the statement that it does not seem to be the same handwriting as found on the books yesterday, I can only tell you what Mr. John Stewart told me and I honestly believe that it is Mr. John Stewart's handwriting excepting the recapitulation, I don't know and I didn't ask him.

1171 (Mr. Aldrich said he understood that when Mr. Mayer read from Larson Exhibit 54 where he used the words

"Spearmint" and "Doublemint," those words did not appear on the documents themselves, but the signs therefor appeared.)

I testified yesterday that the Stewart-Davis people sent us bills for advertising that showed the cost of these etchings and sketch work. The bills which the
(2313) Stewart-Davis Advertising Agency sent to us always
1171 gave the names of the people who had done the work for the Stewart-Davis Advertising Agency on behalf of our advertising, and the bills show items such as follows: Partridge & Anderson, so many dollars and cents. That covers plate work which has been done by the Partridge & Anderson Company for the Stewart-Davis Advertising Agency on behalf of the Wm. Wrigley Jr. Company. A
1172 person looking at the bill would not find the words "sketching" or "etching work" at all but merely the name of the concern. I have before me now the bill to Wm. Wrigley Jr. Company of the Stewart-Davis Advertising Agency dated June 15, 1915. I was asked by the company's counsel this morning to have a bill sent over here so that we could exhibit it. It took it at random.

Referring to this June 15, 1915 bill, on the second page of the bill of the Stewart-Davis Advertising Agency dated June 15, 1915, there are the various items enumerated below: "Baird Printing Company $57.50." The entire second page of the Stewart-Davis Advertising Agency bill of June 15, 1915, reads as follows:

1173 "Samuel C. Stewart Seward M. Davis J. N. Stewart Jr.
Stewart-Davis Advertising Agency
1402 Kesner Building
Telephone Randolph 2474
Chicago.

June 15, 1915.

Wm. Wrigley Jr. Co.,
To Stewart-Davis Advertising Agency, Dr.
For advertising:—

Chicago Kellogg & Western Lists of Newspapers		
36 in. wk. ending May 1 in 5745 papers	$4868.64	
Commission 10%	486.86	
	$5355.50	
Baird Printing Co.	57.50	1.17
Partridge & Anderson Co.	79.08	1.44
Pontiac Engraving Co.	8.65	.17
Newman-Monroe Co.	53.25	1.07
	$5553.98	3.85
Less cash discount if paid by June 16th..	3.85	
	$5550.13	

(Said bill is perforated as follows: "Paid 6 15 15 W W Jr Co"

(2314) The words "Kellogg & Western Lists of News-
1174 papers" refer to a list which is called the Kellogg & Western Lists which contained at that time 5745 patent inside newspapers.

As to what I mean by the expression "patent inside newspapers," the patent inside newspapers are published by a firm in Chicago and certain pages are set up with reading matter. A page or maybe two pages of this newspaper is left blank. They print them with various headings and sent them to all the towns which are on their list. Then the editor in the town where the papers are sent, which he subscribes for, prints his local news on the page or two pages that are left blank.

The Baird Printing Company referred to in that bill is the concern which receives the engraved plates from the Stewart-Davis Advertising Agency with instructions to set in the text matter or composition we need in the advertisement.

The Partridge & Anderson Company referred to in

1175 that bill is the concern which makes the finished plate or mattresses for the Stewart-Davis Advertising Agency and through them for us.

The Pontiac Engraving Company is the concern which makes the zinc etchings or engravings.

The Newman-Monroe Company is a concern which prepares some of the designs in colors or in black and white.

This bill of June 15, 1915 is the original one received by the Wm. Wrigley Jr. Company in the course of its business and was taken out of our cash files. It consists of fifty-two pages. From a hurried fingering of them they all appear to be on the stationery of the Stewart-Davis Advertising Agency. That heading on the stationery reads "Samuel C. Stewart, Seward M. Davis" (in the middle) "J. N. Stewart Jr." and underneath that "Stewart-Davis Advertising Agency, 1402 Kesner Building," underneath that "Telephone Randolph 2474," underneath that "Chicago."

1176 From a hasty inspection it appears that each one of those sheets is perforated with the following: "Paid (2315) 6/15/15 W W Jr Co." That means that bill was 1176 paid on June 15, 1915, by the Wm. Wrigley Jr. Company to the Stewart-Davis Advertising Agency. The amount of that particular bill was $51,091.11. The first page is a summary as to the countries charged with the advertising which is shown in the following sheets of that account. Of that $51,091.11, the total amount of that June 15, 1915 bill, there was paid for advertising in magazines $5,550.13, for newspapers in the United States $39,169.08, for newspapers in Canada $4,961.37, for newspapers in Australia $1,410.53, making a total of $51,091.11, The initials on that sheet were put there by me. I OK'd that sheet for payment on the 15th of June, 1915.

1177 (It was stipulated that the said bill need not be copied unless required by the court and that counsel for the Wrigley Company should have leave to file a copy in lieu of the original.)

1178 (Said bill, consisting of fifty-two pages, from Stewart-Davis Advertising Agency to Wm. Wrigley Jr. Company, dated as being paid 6/15/15, was offered in evidence by Mr. Mayer; received in evidence and marked Larson Exhibit 55.)

(Friday, March 7, 1919, 2 o'clock P. M. the following proceedings took place.)

Mr. Aldrich: Counsel for L. P. Larson Jr. Company ask the master to permit Edward R. Burt & Company, certified public accountants, to examine the Advertising Account, Overhead Account and U. P. S. Coupons Account and the items therein upon which the accounts filed herein are predicated, also the accounts of Wm. Wrigley Jr. Company with the Stewart-Davis Advertising Agency and also with the Australian company and with the Canadian company as organized in 1916. This request applies to the accounting period only. In making this request I do not at the present time ask that these accountants be permitted to go into other accounts than those I have named. I desire that either this request be allowed or that the books containing these accounts be brought
(2316) into the master's office and I will have Edward R.
1178 Burt & Company examine them here.

1179 Mr. Mayer: If Your Honor please, while we are of the opinion that this motion is premature and should not be made until Mr. Hall's report is in, still we have no objection to an examination being made as requested, it being, however, understood that the expense thereof shall be borne by the L. P. Larson Jr. Company and at no time be regarded as a taxable cost in this case, it being further understood that whatever representatives of Edward R. Burt & Company are sent over to make the examination shall have no relationship with the L. P. Larson Jr. Company or any of its officers or stockholders of directors or have any interest in the outcome of this litigation excepting in so far as Edward R. Burt & Company, or some of its employes, have audited the books of the L. P. Larson Jr. Company or have been employed to render some services in this particular suit.

It is further understood that we will give such representatives of Edward R. Burt & Company suitable space in which to make their examinations and that such representatives shall not converse with any of the employes of Wm. Wrigley Jr. Company regarding the subject matter of the examination other than with Mr. Eckerly or Mr. Stanley or such other person or persons as may be designated for that purpose by either Mr. Eckerly or by Mr. Stanley.

(To Mr. Aldrich) Are you satisfied with my conditions?

Mr. Aldrich: Yes, I am.

1180 (April 15, 1919, 10:30 A. M. Mr. Aldrich stated that he had closed his original case on the subject of the relations between the Wm. Wrigley Jr. Company and the Canadian and Australian corporations, and that he, therefore, asked the master to direct the Wrigley Company to proceed with its evidence why the examination should not be extended to the Canadian and Australian companies at the conclusion of the testimony of Mr. Stanley. An argument followed, which the reporter was directed not to incorporate in the transcript.)

(2317) (Tuesday, April 15, 1919, 2 o'clock P. M. The argu-
1181-2 ment was continued and the master ruled that at the conclusion of the examination of Mr. Stanley, the Wrigley Company should proceed to offer such evidence as it desired on the question as to whether the Canadian and Australian companies should be included in the accounting. Mr. Mayer stated that the Wrigley Company would do its best to be prepared to begin at that time.)

MR. WILLIAM H. STANLEY, on further cross-examination by Mr. Mayer, continued:

1183 I was asked by Mr. Aldrich some questions with regard to the United Profit Sharing Coupons which were outstanding and the contingent liability therefor, and I gave some testimony to the effect that the United Profit Sharing Corporation in the last few years had increased the price of its merchandise, that is to say, required a larger number of coupons in exchange therefor than it had theretofore required. I can get information as to what periods in the last three, four or five years the United Profit Sharing Corporation has issued catalogs. The first catalog issued by the United Profit Sharing Corporation has issued catalogs. The first catalog issued by the United Profit Sharing Corporation with which we had to deal was the one issued in 1914 and which was good until September, 1916. An addenda or insert was added to that catalog, increasing in number the coupons necessary for various premiums, and the catalog with the insert was then good until December, 1916; a further catalog was then issued which was good until May, 1917;

a further one until June, 1918; and then a further catalog which was good until December, 1918. There have been
1184 therefore over the period covered by the account as presented to the master four separate catalogs and one insert. I made, or directed to be made, an examination of these catalogs, with a view of getting information with respect to the relationship of the number of coupons necessary to obtain a premium. I had one of our employes take these four catalogues and choose at random articles from the various headings such as articles for children, articles for men, articles for women and house-
(2318) hold articles, not to pick out any special items, but to
1184 take a certain number of items under each heading and find out during the whole period how the rise in the number of coupons necessary for the obtainment of a given article showed itself in comparative form. Those were
1185 practically my whole instructions to that assistant. There were no instructions given to him with respect to selecting items only according to the prices or exchange values. I gave him instructions to take articles at random, to take the premiums which could be obtained for a small number as well as those which necessitated a large number of premiums and to make the list as representative as it could be. That assistant did not know whether I was looking for items which increased in exchange value or whether I was looking for items that did not increase in exchange value. I gave him no information on that subject. He was instructed to select items at random and has done so in my opinion. I have the result of that investigation before me.

(Mr. Mayer then informed Mr. Aldrich that if he wanted the counsel for the Wrigley Company to connect up they would connect up the technical proof on this testimony of Mr. Stanley. Mr. Aldrich stated that he didn't wish to encumber the record with it, but that if the Wrigley Company put that paper in, he would want the cata-
1186 logues on which it was based to see whether he concurred in the result, to which counsel for the Wrigley Company said that they would be gladly furnished to Mr. Aldrich. Mr. Aldrich said all right.)

That report made out by my assistant is headed "Partial list of merchandise offered in exchange for coupons by the United Profit Sharing Corporation". There are six columns on that document and the document consists

of eight pages. The first column is headed "Number". The numbers underneath that column designate in an easy manner to the United Profit Sharing Corporation any premium which is referred to in the catalog. Those numbers appear in the catalogs. The second column is headed "Article" and has reference to the particular article that the person might desire to procure from the
(2319) corporation. The next four columns indicate the
1187 number of coupons required at the period stated in the respective columns in order to procure the article named in the column headed "Article". The first article in that list is "Atlas" and that report means that up to Sep-
1188 tember, 1916, it took 175 coupons to procure an Atlas. In speaking of coupons, I mean coupons valued at one-fifth of a cent each; that is, in speaking of a coupon of the unit of one, I mean that coupon has an exchange value of one-fifth of one cent, but the premiums in these catalogs were also to be obtained by a combination of our coupons with the coupons of other manufacturers which were similar and issued by the United Profit Sharing Corporation which might have a different value from one-fifth of a cent. In other words, other persons besides the Wm. Wrigley Jr. Company had arrangements with the United Profit Sharing Corporation whereby that corporation would honor coupons issued by those other concerns. Whren it is said that 175 coupons were required for an Atlas that means 175 of the coupons paying one-fifth of a cent value each as issued by us would be required for an Atlas; that is, 175 of that type of coupons issued by us which are put around five sticks of gum.
1189 In other words, it took 35 cents face value worth of the coupons of the type that we issue to get an Atlas.

The word "Disc." in the column headed "May 1917" with respect to an Atlas means that that article was discontinued by the United Profit Sharing Corporation after September, 1916, as an item which could be procured from that corporation in exchange for coupons. The same word "Disc." appearing frequently at other places in the document in question has the same meaning.

The last item on that document is No. 233 Watch, and under the column headed "September, 1916" it says it required four thousand counpons, under the column headed "May, 1917" 4,000 coupons, and under each of the next two columns dated respectively "June, 1918"

and "December, 1918" it says 5,000. I have examined
(2320) the document and find there are 177 items in the list.
1189 There was absolutely no effort made to pick out those
1190 premiums which have increased in the number of coupons necessary to obtain them. Some of the articles have been discontinued because they could not be obtained, others have been discontinued on account of the excessive price they were commanding at various periods during the time these catalogs were issued. For instance, take the question of articles of steel during the latter end of 1917 and 1918, or the articles of furniture, both were very hard to procure and in some cases were not procurable. I have footed up the column headed "September, 1916" taking out first those items which have been discontinued since September, 1916, for the purpose of comparison with the other columns. The figure thus obtained is 87,515. Eliminating the discontinued items, the
1191 second column foots up 99,995. Eliminating the discontinued items, the third column, or June, 1918 column, foots up 119,275. With the same elimination, the last, or December, 1918 column, foots up 129,555. In other words, taking the articles shown on that list which were handled by the U. P. S. Corporation during the entire period, it would take 87,515 coupons to get the listed articles in September, 1916, and 99,995 coupons to procure the same articles in May, 1917, and 119,275 coupons to procure the same articles in June, 1918, and 129,555 coupons to procure the same articles in December, 1918. Taking all of those articles so footed up for those four periods, the increase, or approximate increase, in their exchange value between September, 1916, and 1918 figures up roughly 50% on the average. Taking page 2 by way of illustration, the third item is a travelling bag. That could be procured up to September, 1916, by exchanging 2500 coupons having each a one-fifth cent value, and in 1918, in June, it required 4,000 coupons to get that
1192 travelling bag, and in December, 1918, it took 5,999, or exactly 100% more coupons than in 1914 to 1916 in order to get that travelling bag. That is a leather travelling bag.

(2321) The fourth item from the bottom on page 3 is ar-
1192 ticle No. 249, an alarm clock, that took 375 coupons up to September, 1916, and that was increased so as to re-

quire 625 coupons in May, 1917, and 750 coupons in June, 1918. That is another 100% increase.

Take page 6, the tenth article, No. 576, a key ring. That required 5 coupons up to September, 1916, and that was raised to 10 coupons in June, 1918, and to 15 coupons in December, 1918. I think the key ring is about the only article, or one of the only articles, that required, in September, 1916, as little as five coupons. I think it is the
1193 lowest number of coupons that one can exchange, five. And that increased 100% in June, 1918, and then 50% in December, 1918, making the cost three times as much in December, 1918, as it had cost up to September, 1916.

On the same page appears article 195, fishing rod, its exchange value up to September, 1916, was 625 coupons. That was increased in May, 1917, to 750 coupons and in June, 1918, to 1250 coupons, or 100% increase over the 1916 exchange value.

Take page 7 of that report or document, the second item is No. 170, Wilton rug, the exchange value up to September, 1916, was 13,000 coupons. That was increased in May, 1917, to 15,500 coupons and again increased in June, 1918, to 20,000 coupons, and again increased December, 1918, to 22,500 coupons.

I know what the custom is with the United Profit Sharing Corporation with respect to its acquiring these articles that it catalogs. The United Profit Sharing Corporation buys articles to be used as premiums in exchange for coupons in great quantities. They are thereby enabled to put out the article at an exceedingly low price in exchange for the coupons. There are some articles in these lists which we have just reviewed which are not changed over the period, which are not increased in that tabulation. Take, for instance, on page 6 item No. 104,
(2322) the last item but one from the bottom of the page, a
1194 teething ring, that has not changed, probably for the simple reason that in 1914, 1915 or 1916 they had sufficient to carry them over the whole period. They contract for these goods in advance for future delivery. I understand that one of the big items by which they hope to make their profit in this business is by buying large quantities and buying them sufficiently long in advance to take advantage of any rise in the market at that time.

(Mr. Mayer then offered in evidence the list entitled "Partial list of merchandise offered in exchange for cou-

pons by the United Profit Sharing Corporation". The list so offered was received in evidence and marked Larson Exhibit 56.)

1195-1202 (Larson Exhibit 56.)

(2323) An illustration of the type of gum which the Wm.
1203 Wrigley Jr. Company manufactures under private brands or private trade names is the chewing gum we manufacture for the United Drug Company. We manufacture all the chewing gum that they sell under their trade-name and firm name. The name of Wm. Wrigley Jr. Company would not appear on any of those labels or boxes or on that gum. The name that would appear on the wrapper or gum would be "Made for the United Drug Company." We commenced making the chewing gum for the United Drug Company under their special label and trade brand in April, 1915, and have been making gum
1204 under their label or trade brand continuously since. I was mistaken when I said that the label said, "Manufactured for". The actual text on the package is "Distributed by the United Drug Company" and not "Made for United Drug Company." The so-called private trade-names don't refer at all to either Wrigley's Spearmint or Wrigley's Doublemint or Wrigley's gum. I think in the trade it is not known that we make these brands of gum for these private manufacturers because under the law, although we make the gum for them, they are known as manufacturers although they don't actually produce any gum themselves. In other words, we pro-
(2324) duce the gum, do the mechanical end for them, produce the article, and they merchandise it as manufacturers of chewing gum. In some cases the labels are furnished to us by the manufacturer (that is, the person for whom we make the gum); in some cases we furnish
1205 them ourselves. I am speaking only about private labels now. On the package, for instance, of the United Drug Company appears "Distributed by the United Drug Company, Boston." On some packages we may say, "Made for", so and so.

During the accounting period the aggregate amount of sales made by the Wm. Wrigley Jr. Company of these private brands was $217,124.24. These sales have been included in the so-called total gum sales which are referred to and covered by the accounting filed with the master. In distributing the overhead charges in the ac-

count filed with the master we did not make any distinction between the private brands and our Spearmint and our Doublemint and our Juicy Fruit and any other brand
1206 sold under our name, although we think we should have done so, because these private brands don't take any like amount in the overhead for selling that the other brands do. The reason for that is this: A contract is made covering a certain delivery of gum which is to be made under a private brand or a private label. That's the end
(2325) of our selling overhead. The only overhead we have outside of the manufacturing overhead—I mean selling overhead—is invoicing the goods to the private manufacturer or distributor and receiving his money. I would scarcely say that that is all we do with any gum we sell. The overhead in other cases necessitates a great deal of correspondence, necessitates a great deal of file work, necessitates a great number of small entries. To a private manufacturer we will make a delivery say once every month or every two months as the case may be. The difference is then that we deliver in large quantities
1207 to these manufacturers. We have our selling expense cut down because it is all done by one contract. The selling expense is less also where we sell to a large dealer under a contract, a private brand. These contracts for private brands sometimes run as to quantity and sometimes as to length of time during which the deliveries are to be made, anywhere from one to three years. So far as advertising goes, they require nothing on our part. Page 218, Larson Exhibit 30, which contains Larson Exhibit 44, was an advertisement inserted in the newspapers of the United States in the Fall of 1914.
(2326) (Mr. Aldrich then stated it was his understanding
1208 that every page in any of the seven books of advertising concerning which he put any question to a witness was offered in evidence by him so as to give him the right in argument before the Master or in any court to refer to those pages, subject, of course, to objections as to com-
1209 petency, relevancy and immateriality. And further subject to the stipulation that for the purpose of decreasing
1210 the expense and so forth counsel could refer to them from the books now without putting them into any transcript of the record that either side may take up. Mr. Mayer stated that that was his understanding that Mr. Aldrich, had, and that he did not want any understanding

that is not mutual. Mr. Aldrich also said that for the purpose of use on the argument or in any court a mere reference to a page and asking a witness about it should be regarded as equivalent to offering it in evidence under the statement.)

Institutional advertising is advertising which advertises the institution and its method, its general way of treatment. It does not specifically go into the articles
(2327) which are for sale. I think the words: "institutional advertising" cover pretty nearly in plain English what it is, it advertises, in other words, the Institution and nothing else. In cases like Marshall Field the institution is that it is a merchandising store. By Marshall Field you are referring to the merchandising store. When they don't refer to any specific article they say "this is a merchandising store." Of course, the advertising does not either mention wringing machine or carpets or boots
1211 in the basement or the restaurant on the fifth floor. We have done such institutional advertising as that described
1212 with regard to Marshall Field.

There has been a little bit done. In most instances it is institutional advertising which has been done for the purpose of other firms making use of it. I will give a specimen there and say that we use conveyors over at our factory. This conveyor firm refers to the Wrigley factory as a model factory in which conveyors are used. There is an instance. It does not sell gum, it does not help us, it is helping them to sell their conveyors because the Wrigley Company, which does a lot of advertising, is known as an up to date firm and has their conveyors and they want to sell it on our prestige. The Wm. Wrigley Jr. Company does not pay for such advertising. I might
(2328) state that we have paid for plates showing a sketch of the factory, maybe an interior view which has been taken, we have paid for that, we deliver that free of charge. I don't think during the period I have been with the Wm. Wrigley Jr. Company, which commenced in 1914, that we have expended anywhere near a thousand dollars in what I call institutional advertising. Institutional ad-
1213 vertising, as I have defined it, is a pretty generally understood expression amongst advertising men. Page 9 of Larson Exhibit 31, which page has been offered in evidence as Larson Exhibit 45, contains the following sentence: "These same coupons now come with so many

high grade products that you can collect them very rapidly." The coupons referred to are the United Profit Sharing Corporations' coupons. The high grade products that are referred to in that advertisement are products of other manufacturers because the United Profit Sharing Corporation, with two or three exceptions, has only sold the system or leased the system or undertaken to redeem coupons for manufacturers. The only instance that I know of where a retailer handles them is in Pittsburgh, otherwise they are a manufacturers' system, the firms that have used them being Widlar Company, the Southern Cotton Oil Company.

(2329) The sentence quoted from that advertisement was
1214 intended to suggest to the readers that they could take our coupons and other coupons issued by the United Profit Sharing Corporation to other merchants, and in that way collect them rapidly. That is the essence of the system. The charge of the advertisement, Larson Exhibit 46, page 117, of Larson Exhibit 31, was limited to Spearmint and Doublemint. No other gums are referred to in that advertisement. The advertisement says at the top, "Wrigley's" and below "Two flavors". The advertisement also draws attention to the fact that "The Wrigley Spears are Constant Friends to Teeth, Breath, Appetite and Digestion." No other gums other than Spearmint and Doublemint made at any time by Wrigley's used spears, either doubleheads or singleheads. That ad-
1215 vertisement was in the spring of 1916. The transcript as written up on page 1043 would indicate Spearmint to have been charged with 225 lines of the advertisement Larson Exhibit 46. That's a typographical error, and should have been 255 lines. I charged Spearmint for more than Doublemint in that case because of the ten
1216 agate lines for the package in the girl's hand. Referring to the same advertisement at the bottom, it says, "Sealed tight, kept right." At the time of that adver-
(2330) tisement our Juicy Fruit packages were not sealed. The only packages we had sealed at that time were Wrigley's Spearmint and Wrigley's Doublemint. That was in the spring of 1916. Juicy Fruit is about twenty-five years old, as far as I remember. I don't know exactly. It is before my time. Page 202 of Larson Exhibit 31 is an Australian advertisement. The expense of that advertisement was not included in our accounting before the

Master. There is no charge in the Doublemint account for any advertising that Wm. Wrigley Jr. Company, Proprietary, Limited, did of any sort whatsoever. We made no charge whatsoever in the account filed with the master against Doublemint for any advertising done by the Canadian corporation at any time after its organiza-
1217 tion. Those answers apply to all the advertisements which I testified were advertisements of or by or for either the Australian corporation or the Canadian corporation. I might add that even during the advertising period before the incorporation of the Australian company there has not been anything charged in the accounting for Doublemint advertised in Australia because we didn't advertise Doublemint in Australia before the company, the Australian company was incorporated.

The Stewart-Davis Advertising Company had charge of the Australian advertising. As to whose money paid
(2331) for the advertising done by or for or on behalf or in the name of the Australian company, the Wm. Wrigley Jr. Company Proprietary, Limited, has always paid for the advertising which they have done with their own funds in Australia to the credit of the Stewart-Davis Advertising Agency there.

The Australian Company had its own bank account. That account is in Sydney and Melbourne. I cannot say how many employes that company had. I have never
1218 seen its plant. It owns its own plant, the title to which is in its own name. As to whether the Wm. Wrigley Jr. Company keeps an account with the Australian Company, we have a current account with the Australian company whereby anything we supply to them is debited just the same as though they were John Brown or any ordinary customer. All hiring and discharging of the employes is done locally in Australia. We don't know who the employes are. I have never seen a list of their names and don't know how many they have. I should assume, without knowing definitely, because I have never had anything to do with it and don't know that the managing director there or the factory superintendent fixes the salaries of those employes.

(2332) April 16, 1919. 10:30 A. M.

I don't believe that the West Virginia Company ever sold any Doublemint gum in Australia. I do think, how-

ever, that it made a small shipment to New Zealand. Wrigley's Doublemint gum was not sold in Australia before the incorporation of the Australian company. I do not think Wrigley's Doublemint gum was chewed or used in Australia prior to the organization of the Australian company. The West Virginia Company did do business in connection with Australia prior to the organization of
1220 the Australian company. The West Virginia company used to ship Spearmint goods to Australia. Australia includes the Federated States of New South Wales, Queensland, Victoria, Western Australia and Tasmania. By Australasia, as we treat the word in a contract, we refer to Australia, New Zealand, Tasmania and a few of the islands that are controlled by Australia in the Pacific. Before the incorporation of the Australian company the Wm. Wrigley Jr. Company had an arrangement with J. C. Gambles & Company of London, England, with regard to the sale of Wm. Wrigley Jr. Company's gum. That was a contract whereby Gambles was appointed exclusive agent for the sale of this West Virginia company's gum in Australasia. Under this contract they handled a
(2333) small amount of Wrigley's Doublemint, but principally Wrigley's Spearmint. I haven't any recollection
1221 of their handling any other gums of ours. I believe I could find in my bag some records that would show whether or not the Wm. Wrigley Jr. Company sold Doublemint under that agency in Australia. I am pretty confident there was some Doublemint gum sold by the West Virginia company through that agency in New Zealand. I do not believe there was any sold in Australia. I may be mistaken about that, but it was a small quantity if it was sold. I can refer to my records and find out. From my memoranda I find that Wm. Wrigley Jr. Company shipped Doublemint gum to Australia and to New Zealand before the incorporation of the Australian cor-
1222 poration. We made shipments in the year 1915 of Doublemint gum to Australia to the amount of $4,977.00. The Australian company was organized November 1915, and began business about January 1, 1916, or shortly
1222-1229 thereafter.

(2334) Mr. Mayer then asked the witness who originated the
1222 idea of organizing the Australian Company, whereupon Mr. Aldrich objected, an dthe Master sustained the objection.

1223 Thereupon Mr. Mayer said:

1223 "I offer to prove by the witness that the Australian company was incorporated on the suggestion of the witness, that the witness at that time had no connection with the litigation now on hearing, was not familiar with the details of it, was not aware that any effort was pending on the part of the L. P. Larson Jr. Company to procure an accounting from the Wm. Wrigley Jr. Company, that the purpose of incorporating the Australian company was because of either actual or threatened heavy duties about to be imposed by the Australian Government upon the importation into Australia of gum or the constituents of gum so as to render the prosecution of the gum business by the West Virginia company in Australia impracticable and unprofitable, that there was no motive or purpose in the organization of the Australian company to in any way interfere with any possible decree that might be entered in the suit on hearing, and it had no bearing, direct or remote, to that subject or to this suit and that it was incorporated in good faith and solely for the purpose which I have stated."

A discussion then ensued during which the Master said:

1224 "There has not yet been anything put on this record on the subject of the organization of the Australian company for the purpose of concealing profits or anything of that kind there may have been something said by counsel but there has been no evidence here, there is nothing which this evidence tends to refute because no evidence has been introduced by the other side on that subject."

The Master thereupon sustained Mr. Aldrich's objection and held that the offered evidence was not material

(2335) as a part of Wrigley Company's evidence bearing on the question as to whether or not it must account for the alleged profits of the Canadian and Australian corporations and as to whether or not the Master has the power

1225 to direct any examination of the books of those two companies

"unless some evidence has been introduced by the other side (Larson Company) to the effect or tending to prove or intending to prove that the Australian company was organized for the purpose of concealing the profits that the Larson Company are seeking to recover in this suit."

And thereupon Mr. Aldrich said that he did not understand the Master to hold by that ruling "that there was a

dishonest motive" and he also said that "there can be legal conclusions arising from what the Wrigley Company did independent of motive or intent". The Master then said that he was not expressing any opinion either way on that subject but that, as he had already said "the Wrigley Company has nothing to answer along that line, that no evidence has been introduced by the Larson Company on that subject, and I don't think we should go off into the subject of motive or intent unless there is some good reason for it." Mr. Aldrich then replied "I don't think it is a question of motive or intent at all".

1226 Mr. Stanley then testified that he had personal knowledge of the circumstances leading to and because of which the Australian Company was organized and personally participated in the organization of that Company. Mr. Mayer then asked the witness if he knew who originated the idea of organizing an Australian Company and Mr.
(2336) Aldrich objected to the question, and the Master sustained the objection. Mr. Mayer then asked the witness who the first person was so far as he knew who discussed or talked about the question of organizing an Australian
1227 company, and Mr. Aldrich objection to the question and the objection was sustained. Mr. Mayer then offered to prove by the witness that as far as he knows he was the first person to discuss that subject and that so far as he knows he conceived the idea and first suggested the idea of organizing the Australian company. Mr. Aldrich objected the receipt of the proof and the Master sustained the objection. The witness then said that the World War had been on for over a year at the time that the Australian Company was organized and he thought that the Australian Company was organized November 17, 1915, and that they began to do business about January 1, 1916.

Mr. Mayer then asked the witness what the circumstances were under which the Australian Company was organized, and Mr. Aldrich objected and the objection was
1228 sustained.

Mr. Mayer then said:

1228 "I offer to prove by the witness that shortly prior to the organization of the Australian company and sometime along about the summer of 1915 changes were made or threatened to be made by the Australian Government in its revenues and duties which would have resulted in the imposition of a duty of 40% upon the value of gum im-

ported into Australia from the United States, and that the imposition of such a duty would have rendered it un-
(2337) profitable to export gum from the United States into Australia, that at that same time the Wm. Wrigley Jr. Company, the West Virginia corporation, which is a party to this suit now on hearing, had already shipped machinery to Australia and was in the process of erecting a gum making plant in Australia and that it was then concluded to discontinue the completion of that factory and to discontinue the gum business in Australia; that at that time the Wm. Wrigley Jr. Company was interested in the sale of Doublemint and other gums in Australia which were being sold there through J. C. Gambles & Company of London, England, who at that time had an exclusive selling agency for Wm. Wrigley Jr. Company for Australasia, that is, countries which included at least Australia and New Zealand ,and that because of the situation just stated and for no other reason and wholly without any reference to the pendency of the litigation, one branch
1229 of which is now on hearing, the Australian company was incorporated and that the object thereof was to take over the plant that was then in process of construction in Australia, so that the West Virginia company could have, as it hoped, as a customer in Australia the Australian company that was to be organized."

When Mr. Mayer then said that he understood that it has heretofore been stipulated that nobody need save an exception on the record to any adverse ruling by the Master, whether such adverse ruling be to a question or to an offer or proof or to any other matter, the Master said that there has been such a stipulation and that he understands that to be the rule even without any stipulation.

After its incorporation the Australian company carried on business of manufacturing and selling gum in Australasia or Australia. Thereafter the Wm. Wrigley Jr. Company never made or sold or dealt in any Doublemint
1230 gum in Australia. The West Virginia company has
(2338) never had any sales or any dealings in chewing gum in Australasia after the incorporation of the Australian company.

The sales of gum by the Australian company were not in any way controlled or regulated or influenced by the Wm. Wrigley Jr. Company.

(2339) (This last statement of the witness was made in an-

swer to a question, to which Mr. Aldrich objected but which objection was overruled).

In the first instance the director of the Australian company, Thomas Vincent Healy, fixed the price at which the Australian company sold its gum. He has only been managing director of the Australian company since January first of this year, but he has been a director of the cor-
1231 poration since the inception of the Australian corporation. The fixing of prices in Australia has always been left to the good judgment of Mr. Thomas Vincent Healy after having conferred with the managing director, at that time Mr. W. H. Johnston, who was also factory superintendent. Mr. W. H. Johnston was appointed managing director at the first meeting after the inception of the Australian company at which the managing director and directors were appointed, and he held that position until about January first of this year. He is living at the present time in Sydney, Australia. At the time of the organization of the Australian company he was living in Melbourne, Victoria. He has been living at one or the other of those two places since the organization of the
(2340) Australian company. At the inception of the Aus-
1232 tralian company Mr. Healy's home was in Melbourne, Victoria. He now has moved to Sydney, New South Wales. Mr. Johnston is a citizen of the U. S. A. Mr. Healy is a permanent resident of Australia. I don't know whether he is of Australian nationality, I never put the question. The duties of the managing director of this Australian company are to superintend entirely the management of the affairs in Australia and also its selling arrangements in the territory which is alloted by agreement to the company. No director or officer or employe or the West Virginia company had anything to do in the direction of the business or affairs of the Australian company; that is, who was not a director of the Australian company.

The Australian company's gum manufacturing plant was first erected at Melbourne. Later it was transferred to Sydney. The Melbourne plant was built towards the
1233 end of 1915 with machinery taken from the United States by Mr. Johnston with the aid of Mr. Healy and Mr. Phillip K. Wrigley. I scarcely think it was the West Virginia company who commenced the erection of the plant. There is a fine legal question there. We sold the machinery un-

erected to the Australian company, the Australian com-
(2341) pany was incorporated in October or November, 1915, and the machinery was put up after the company was incorporated. At any rate the Australian company ac-
1234 quired title to that Melbourne plant. The Australian company does not own nor operate a plant at Melbourne. Some items were sold and the rest transferred to the new plant at Sydney, the new building at Sydney. The Australian company sold the portions of the plant that were sold and the West Virginia company had nothing to do with that sale. It recieved no part of the proceeds of the sale. Nobody but the Australian corporation received the proceeds of that sale.

1235 A new building was erected at Sydney and the machinery transferred from Melbourne was inserted. That Sydney plant was built during 1918. The Wm. Wrigley Jr. Company had nothing to do with it. Nobody had anything to do with it except the Australian corporation. The land on which the Sydney plant was erected is owned by the Wm. Wrigley Jr. Company Proprietary, Limited. The Australian company paid for that land. The West Virginia company never owned and never had any interest in that land. The Australian company has operated the Sydney plant since. That is the only plant that
(2342) the Australian company is operating at the present time. The building in Sydney is about 150 feet by 50, six or seven stories high.

The Australian company maintains a warehouse at Melbourne, Victoria. It is a sub-lessee of that warehouse. I don't know who the original lessor was; the present lessor is Thomas Vincent Healy. The West Virginia corporation has no interest in that lease or warehouse. It is an exclusive Australian transaction. The West Virginia
1236 company had nothing to do with respect to the making of that lease or the terms of the lease. The Australian company paid the rent to Thomas Vincent Healy out of its own funds. The Australian company has its own bank account at Sydney, New South Wales, and Melbourne, Victoria. Up to January 1, 1919, the only signature with the bank of New South Wales, where the Australian company had its account, was that of William Hartwell Johnston, managing director. Mr. Johnston only had the
1237 right to draw against the other bank account from the time of the organization of the Australian company up to

January 1, 1919. No funds could be drawn out of its bank
1238 account except by its managing director. Since January 1, 1919, the right to withdraw accounts has been transferred from Mr. Johnston to Mr. Healy; that is because of the change of the identify of the managing director. No
(2343) other persons had authority to draw against those bank accounts at any time. Neither Wm. Wrigley Jr. nor James C. Cox nor myself. The accounts of the Australian Company are kept now in Sydney and have been since January 1, 1919. The Australian company has never had a bank account in this country. The managing
1239 director has had charge of making deposits to the credit of the Australian corporation in the bank accounts to which I have referred. I believe there is some arrangement whereby deposits can be made in the absence of Mr. Healy without his personal signature. I believe occasionally when he is absent that he gives his temporary proxy to some other employe, probably Mr. Light, but these are details which are not conveyed to me because they are interior working details. Neither Mr. Cox nor Mr. Wrigley nor myself have ever had any authority to sign checks for the Australian company or to draw any funds or to make any deposits. Mr. W. H. Johnston has never been an officer or director of the West Virginia company. Neither has Mr. Healy. Neither Mr. Johnstone or Mr. Healy have ever been stockholders of the Wm. Wrigley Jr. Company, the West Virginia cor-
1240 poration. The West Virginia company has charge of its own purchases of materials and other things needed in the prosecution of that business. Up to January, 1919,
(2344) Mr. Johnston had absolute sole control of the purchases of material for the Australian factory. Since January 1, 1919, I am not so positive: I think Mr. Johnston is still continuing the purchase of materials for the manufacturing end, but Mr. Healy has commenced already to take over the purchasing authority.

As to whether Mr. Wm. Wrigley Jr. or Mr. James C. Cox or myself had anything to do with making purchases for the Australian company, I think on one occasion I did have an order from Australia or a request on me to obtain a little advertising material in the U. S. A. That is the only request to my knowledge that had ever been made for anybody here to purchase anything for the
1241 Australian company. The Australian company has made

purchases from the West Virginia corporation in the due and ordinary course of business. Not all of the materials bought by the Australian company have been purchased from the West Virginia company. The number of different kinds of material or articles used by a gum making institution might run into a hundred or more. I know of no arrangement that has ever been made that requires the Australian company to purchase anything from the West Virginia company. So far as I know, the Australian company is free to purchase anything that it wants, wherever it wants, and it would do so if it could get
(2345) a better market than where it is procuring its goods
1242 now. The principal articles the Australian company purchases from the West Virginia company are machinery, gum base, flavors, and the printing paper which we buy them on a brokerage basis. Anything we sell to the Australian corporation we make a charge for the amount of the sales and add brokerage. The West Virginia company has on its books an account showing what sales it makes to the Australian company. That account is kept in the same way as the accounts kept by the West Virginia company with any other concern, with the exception that in the case of Australia we are more rigid perhaps with our charges for interest on balances than we would be with a customer who purchased gum from us. We charge the Australian company interest on balances at the rate of six per cent per annum. At the end of the year we strike an average so it is practically six per cent on a
1243 daily balance from or whenever an entry is made, like today.

We have had remittances from the Australian company made in various ways. Sometimes they have sent us a check, and on one or two occasions we have drawn on them. The principal articles the Australian company does not buy from the West Virginia company are printing and lithography, starch, sugar, syrup, glycerine and box making material. These are some of the principal
(2346) items they purchase locally. Sugar is about a 60 per cent item in the manufacture of gum. I mean in the bulk. The West Virginia company had no business dealings of any kind with the Australian company, except to sell it certain material as I have described. The Australian
1244 company keeps its own books and its own accounts. The employes of the Australian corporation are separate and

distinct from the West Virginia corporation. Nobody connected with the West Virginia corporation other than Mr. Wm. Wrigley Jr., James C. Cox and myself has any relationship to the Australian company. Neither James C. Cox, Wm. Wrigley Jr. nor myself have ever received any salary or remuneration as a director of the Australian company. So that none of the American directors of the Australian company have ever received any pay or remuneration as a director. The business of the Australian company has been operated as a separate and distinct and independent company from the time of its inception. Its business has been operated entirely independently of the West Virginia company. The West Virginia company has not in any way directed the manage-
1245 ment of the business of the Australian company or attempted to do so. The Australian company has actually
(2347) been left free to and has in fact transacted its business as a separate and independent corporation.

(The witness was then asked as to whether the business of the Australian company had been handled at all as a branch or department of the West Virginia company. Mr. Aldrich objected and the objection was sustained. Mr. Mayer offered to prove that the answer would be in the negative. The objection to the offer was sustained.)

Other than the purchases made from the West Virginia company the West Virginia company hasn't anything to do with the payment of the bills of the Australian com-
1246 pany. Eliminating the advertising account that I have already explained. The West Virginia company does not pay the advertising account, with one or two small exceptions which I mentioned. The Australian company has its own creditors and pays its own bills. The West Virginia company has nothing to do with either who those creditors shall be or with the payments of those bills, nor does it bear any liability with regard to any bills or creditors of the Australian company. The Australian company conducts its business entirely under its own name and does not transact any business under the name of the West Virginia company. It does its business exclusively
(2348) in its own corporate name. It is a limited company which comes under the company's act of Australia whereby the liability of that company is limited to the amount of its capital, and is limited only as to the amount of its
1247 capital. The Australian company does not use the West

Virginia company's name in its business. It cannot do business under the name of the West Virginia company because the company's act of Australia forbids such a procedure and it always has used its own name and used the word "limited" after its own name, otherwise it is liable to a very severe fine. If it did not put the word "limited" in its name when it used it, it would be liable to a fine. The Australian company never did any business under the West Virginia company's name. Australia has a company's act of its own. At the present time the Australian company is incorporated under the so-called Victorian law. There is in process now a federal law for the Commonwealth of Australia which has nothing to do with the British laws, it is absolutely independent of the British laws.

The Australian company is organized under the company's act of the State of Victoria. The West Virginia company did not have any interest in the Australian company of any kind or character excepting in so far that it owned stock in the Australian company and did some busi-
(2349) ness with it in the manner that I have explained. The Australian company has never paid any dividends on its stock. I think I have previously testified that the Stewart-Davis Advertising Agency do the advertising and place the same for the Australian company. The West Virginia company never did any advertising in Australia or in New Zealand after the organization of the Australian company. It never did any advertising in Canada after the organization of the Canadian corporation. The Australian company has done advertising in Australia. The Australian company paid for that. I know that the Australian company did advertising in Australia, such as painting advertisements on walls and bill boards and window signs in Australia which did not pass through the Stewart-Davis Advertising Agency. The Australian company has always done that itself without consulting the Stewart-Davis Advertising Agency or any of the American directors, I mean the directors of the Australian company situated in America.

1250 The only account the West Virginia company keeps with the Australian company on its books is a debit and credit account showing the debits for the materials the Australian company purchased, and credit for remittances received, possibly debits for interest. Since the organiza-

tion of the Canadian corporation the West Virgina company has not advertised in Canada. The West Virginia
(2350) company has not had anything to do with the customers of the Australian company or with the collection of the accounts from those customers. Some employe or official of the Australian company has had charge of that matter. It was done in Australia. The Australian company has had nothing to do with the business of the West Virginia company, nor has it had any direction or control over it. It has had no relations with the West Virginia company other than I have described.

Wednesday, April 16, 1919.
2:00 o'clock P. M.

1251 Just immediately after I became connected with the West Virginia corporation we commenced advertising Doublemint in Canada. I came permanently to the States on the first day of October or about the first few days of October, 1914. In the same month Wm. Wrigley Jr. Company advertised Wrigley's Doublemint in Canada.
1252 At that time Wrigley's Doublemint gum was being sold in Canada, and constantly thereafter Wrigley's Doublemint gum was advertised in Canada and sold in Canada by the Wm. Wrigley Jr. Company up to the time of the incorporation of the Canadian company. During that period of time Wrigley's Doublemint gum was sold all the way through Canada. It takes in the various prov-
(2351) inces from the Atlantic to the Pacific ocean. Right through British Columbia to Newfoundland. The advertisement of Wrigley's Doublemint Canada from October, 1914, and up to the time of the incorporation of the Canadian company covers generally the whole country. Those sales and advertisements were made during that entire
1253 period, and cover that entire territory. Wrigley's Spearmint gum was being advertised and sold in Canada during that same period of time by the Wm. Wrigley Jr. Company. Wrigley's Spearmint gum had been advertised and sold in Canada prior to 1914 by the Wm. Wrigley Jr. Company. The sale and advertisement of Wrigley's Spearmint from October continued right through in Canada from October, 1914, to the incorporation of the Canadian company. I am referring to sales and advertisements by the Wm. Wrigley Jr. Company. Prior to

October, 1914, the whole of Canada was covered with sales of Wrigley's Spearmint, and the advertising was also very general over the whole of Canada. Since the incorporation of the Canadian company the Wm. Wrigley Jr. Company, the West Virginia company, has had nothing to do with the manufacture or sale of any Doublemint gum or other gum in Canada. Excluding directors of the
1254 West Virginia company, there is nobody in the employ of the West Virginia company who is also in the employ of the Canadian company. The Canadian company adver-
(2352) tises Doublemint gum. The West Virginia company has nothing to do with it. The Canadian advertising is O. K.'d by Mr. J. Allen Ross, placed by the Stewart-Davis Advertising Agency and paid for by the Canadian company direct to the Stewart-Davis Advertising Agency.

Occasionally I have assisted with the preparation of those advertisements, especially where they are in French, I look through the French text before they are submitted for final correction to the Editorial Departments of the Quebec newspapers which are printed in French. I have nothing to do with determining the advertising schemes of that company or general methods of advertising or what advertising shall be placed or how much shall be placed in advertising, or what the nature of the advertisements shall be. The West Virginia company has nothing to do with the direction of the advertising by the Canadian company, or as to where it shall be placed or what it shall consist of, or what its expense shall
1255 be. The West Virginia company has no authority whatsoever to take any action with regard to the Canadian advertising. As to whether the West Virginia company has anything to do with making purchases for the Canadian company, there may be one or two instances where the West Virginia corporation has purchased as a broker, material for the Canadian corporation. In those in-
(2353) stances the West Virginia company was not paid an agent's or broker's commission. No charge whatsoever was made. It has been on the basis of friendly relationship. Those purchases have not been extensive. I cannot give an approximate idea on that point. I think Mr. Cox would be more competent because it is a question of raw material.

The West Virginia company has nothing to do with the sales of gum by the Canadian company or as to the prices

of the gum which the Canadian company sells. As a matter of fact, at the present time I don't think we know exactly in Chicago what price they are selling at or as to
1256 the methods of sale adopted by the Canadian company.

The West Virginia company has nothing whatsoever to do with the employment or selection of the employes of the Canadian company or with the fixing of the salaries of any of those employes. The Canadian company has its own bank accounts, and the situation to which I have testified has been true from the time of the organization of the Canadian company. The Canadian company, has, I believe, a separate bank account in this country for the purpose of distributing dividends. That is, they may remit an amount for the specific purpose of dividends.
(2354) That would be sent for the purpose of facility of paying and relieving the stockholders of the annoyance of exchange on small amounts so that the stockholder could have a check payable on a bank in America which would not be subject to exchange and returns as to ownership of stock in all such small details. That would be a
1257 special account. So that the American stockholders of the Canadian company could receive American bank checks.

The West Virginia company had nothing to do with any of the Canadian company's bank accounts at any time nor with the collection of moneys due the Canadian company. The West Virginia company may have happen to have something to do with respect to the payment of amounts that the Canadian company may have been owing from time to time; where the question of exchange was involved. They might want an account paid over here, that is, the Canadian corporation, they would request an advance from the West Virginia corporation to settle that account which was being carried to the debit of the Canadian account. That would be just some special circumstance or situation, or in other words just to save exchange rates.

The West Virginia corporation exercises no control or influence at any time over the Canadian company as to where the Canadian company should make its purchases.
1258 To my knowledge there was no contract at any time be-
(2355) tween either of the two companies with respect to where the Canadian company should purchase material. As far as I know the Canadian company was free to purchase its materials of all kinds wherever it wished. As a

matter of fact the Canadian company purchased materials from the West Virginia company. The Canadian company did not purchase all its materials from the West Virginia company. The Canadian company has always bought from the West Virginia company gum making machinery, gum base and flavors. The other articles required in the manufacture of gum and in the discharge of its business have been purchased by the Canadian company from other sources than the West Virginia corporation, and from such sources as were determined by the Canadian company of its own accord. The West Virginia company carried an account with the Canadian company.
1259 It was the usual debit and credit account. The West Virginia company had no interest in the land or buildings which are occupied or used by the Canadian corporation. I believe the Canadian corporation owns its own plant. The West Virginia company has nothing whatsoever to do with any of the office or factory or other employes of the Canadian company, or with its books or records or accounts. The business of the Canadian company was not
(2356) at any time controlled or directed by the West Virginia
1260 company. At all times the Canadian company has acted as a separate and independent company, and its business has been free and independent of that of the West Virginia company. The selling force or organization of the West Virginia company has nothing to do with the business of the Canadian company and has not at any time. When I have been talking about the Canadian company I have had reference all the time to the corporation organized in Canada as shown by this record, about January, 1916, and I have had no reference to any business that was done theretofore by the West Virginia company
1261 under a Canadian license; and in the answers I am making with regard to the Canadian corporation I am referring to that January, 1916, organization. The Canadian company at all times determined for itself to whom it would sell gum, with the exception tht is limited under its license agreement from the Wm. Wrigley Jr. Company to the West Virginia corporation to confine its selling activities to certain territory. I believe that agreement is in the record. The Canadan company would select the persons whom it wished to trust or to whom it wished to make sales and determine for itself what its output should be and all matters pertaining to the disposition of the gum.

(2357) It had its own creditors and its own debtors. I have not heard of any instance of its conducting business except under its own name. Its Canadian corporate name. I mentioned gum base, which includes chicle, as one of the
1262 items which the West Virginia company sell the Canadian company. The West Virginia company also at times sell gum base or chicle to other manufacturers. It has sold gum base or chicle to the L. P. Larson Jr. Company and to others besides. The West Virginia Company was not generally in that business. We have sold gum base to other manufacturers to help them out of a dilemma. Our sale to the L. P. Larson Jr. Company was to help it out of a dilemma. So I understood from L. P. Larson Jr. I presume at the time he had no material. He could not get it or did not know how to procure it, and we just jumped into the breach and let him have what he wanted. We have never offered to make any sales of raw material
1263 to manufacturers of chewing gum. It was on the solicitation of Mr. L. P. Larson Jr. that the sale of chicle was made to him. Precisely the same refers though to other manufacturers who have bought at different times, chicle from us. The same thing would apply at times also to the Canadian company and the Australian company. The West Virginia company was not regularly engaged at all
(2358) in the business of selling material. It would be exceptional as a rule as far as other manufacturers are concerned. Our principle is not to monopolize what we possess and what they need badly, and that has been the principle which has guided our sales to other manufacturers, and with regard to the Canadian and Australian companies, they buy where they can buy cheapest, which is probably from us.

Those sales of raw material were not taken into consideration in allocating the overhead charges. I have a partial knowledge of the circumstances under which the Canadian corporation was incorporated.

(Witness was then asked: Was the incorporation of that company influenced in the slightest degree so far as you have knowledge by the pendency of the suit, one branch of which is now on hearing? Objection to this question on the ground of immateriality and incompetency was sustained.)

(A similar objection was sustained to a question asking the witness what were the circumstances under which this

Canadian corporation was organized. An offer was made by Mr. Mayer to prove that the organization of the Canadian company had no relation whatsoever to the present litigation).

(2359) The Canadian company was in the habit of making remittances in cash on account of its purchases from the West Virginia company. There was a running account between the two companies. It was similar in all respects to other runnings accounts that the West Virginia company had with other merchants generally, with the exception that we sometimes let the account accumulate a little so as to obviate the necessity of paying the exchange rate, which ran sometimes as high as 2½ or 3 per cent.

1265 From October, 1914, to the end of the year the West Virginia company spent $12,639.38 advertising Wrigley's Doublemint, in Canada, and in 1915, from January 1st to December 31st, $40,197.90, making a total of $52,837.28.

(The witness was then asked as to whether the Canadian corporation was a department of the West Virginia company at any time or operated as such. To this question Mr. Aldrich objected as calling for a conclusion, and the objection was sustained.)

Mr. Aldrich asked me to refer to pages 144 to 150 of Larson Exhibit 30, and asked me at what time the advertisements were used. On pages 144 to 150 inclusive, are two advertisements on each page or two proofs of

(2360) advertisements rather. The proof of advertisement in each case which is pasted on the top was made up evidently for a Canadian newspaper or newspapers. Those advertisements were never used at all. That is, the Canadian advertisements which are shown by the proofs in this book on pages 144 to 150. All the proofs on each of these pages are not Canadian proofs. Only the upper proof on each page, the lower one being a proof of an advertisement prepared for American newspapers. As a matter of fact, there are two proofs on each of these

1267 pages, one proof of an advertisement apparently for use in Canada and the other proof of an advertisement for use in the United States. Without making a close examination of each of them, by taking a hasty view of it, it appears that the two advertisements on a page are alike, excepting that one contains a statement to the effect that it was made in Canada and refers to the Wm. Wrigley Jr. Company, Limited, whereas the other does not make

such a reference. They are in general appearance similar advertisements. So that of the fourteen copies, seven, being all those purporting to be Canadian advertisements, were never used at all. The remaining seven advertisements on those pages, 144 to 150, inclusive, purporting to be copies of United States advertisements, were used in
1268 United States newspapers in March, 1914.

(2361) I have examined Larson Exhibit 30 for the purpose of saying what advertisements were used by the Stewart-Davis Advertising Agency and what ones were prepared by his predecessor. The first advertisement prepared by the Stewart-Davis Advertising Agency is the one which appears on page 160 of Larson Exhibit 30. That copy was published in the Australian newspapers on or about December, 1913, or later. That advertisement on that page advertises only one brand, namely, Wrigley's Spearmint. The advertisements in Larson Exhibit 30, which are pased on pages prior to 160 thereof were advertisements or copies or proof which were prepared by the Stewart-Davis Agency's predecessor and merely put into that book by Mr. Stewart. Those Canadian proofs on pages 144 to 150 of Larson Exhibit 30 were never published because it was desired to start an absolutely new set of advertising when the advertising agency who prepared the advertisement changed. In other words, not to use the proofs already made by Steward-Davis' prede-
1269 cessor. I have already testified that on pages 144 to 150 of Exhibit 30 appears copies of advertisements in the United States that were published in March, 1914. An explanation as to how it comes that on page 160 of the same book appears a memorandum indicating Australian ads one to fourteen, beginning December, 1913; in other
(2362) words, in explanation why the date "December, 1913" appears at page 160, which is a later page but an earlier date than the date of the United States advertisements appearing at the prior pages 144 to 150, I will say, the pages which contain proofs of advertisements up to and including page 159 of Larson Exhibit 30 were the advertisements which were prepared by the predecessor of the Stewart-Davis Advertising Agency. When the Stewart-Davis Advertising Agency undertook the preparation of the advertisements which appear at page 160 they pasted in the book all the previous advertisements which they could find which had been prepared for the Wm. Wrigley

Jr. Company, and then, starting with 160 and the following pages, they pasted in all that they could get in as near order as could be obtained the advertisements which were so-called current advertisements, in other words, advertisements which had not been placed and which they could control. Some of these advertisements on page 144, the orders had already been placed for, but as soon as they could they altered the tone of the advertising, the style, the material, and in some cases the shape of the advertisements; commencing with 160 and endeavoring to keep the current stuff which was not to be killed or which was to be run continuously the product of their own labors from 160 on. That is the reason why on page 160
(2363) you find December, 1913, whereas on page 144 you find
1270 advertisements which were prepared to run in March, 1914.

On page 176 of Larson Exhibit 30, concerning which Mr. Aldrich asked me some questions, is shown small advertisements, so-called space holder advertisements, which appeared in the New York Tribune about May, 1914. The advertisements on page 177, concerning which Mr. Aldrich interrogated me, and on the following pages up to 192, are a series of Canadian advertisements which
1271 started in the Canadian newspapers about June, 1914. Those advertisements cover Wrigley's Spearmint. They were published June, 1914. They ran practically until October when we started the advertising in Canada of Wrigley's Doublemint. Those Spearmint advertisements which I have just identified were published in Canada. The only brand we were selling in Canada at that time
1271 was Wrigley's Spearmint. Those Spearmint advertisements which I have just identified are typical of the Spearmint advertising which I have already testified was done by the William Wrigley Jr. Company in Canada prior to the incorporation of the Canadian company. The first advertisement of Wrigley's Doublemint that was placed in Canadian newspapers is the one which appears on page 223 of Larson Exhibit 30. The publication of those advertisements started, the last one in October,
(2364) 1914. That's a fair type of the kind of Wrigley's
1272 Doublemint advertising in Canada done by the West Virginia company up to the time of the incorporation of the Canadian company, and which was continued from October, 1914, until the incorporation of the Canadian com-

pany, except this specifically mentions to a large extent nothing but Wrigley's Doublemint, whereas later on Wrigley's Doublemint were incorporated in the same space.

(A photograph of advertising appearing on page 223 of Larson Exhibit 30 was offered in evidence by Mr. Mayer. It was received in evidence and marked Larson Exhibit 57).

1273 (Larson Exhibit 57).

When we began to advertise Spearmint together with Doublemint in Canada we would have the advertisement refer to Wrigley's Spearmint either by a picture of the package or by language or both with about the same prominence as we would refer to Wrigley's Doublemint.

1274 Page 218 of Larson Exhibit 30 which is in the record as Larson Exhibit 44 is not an advertisement that appeared in the Canadian papers. It is an advertisement which appeared in the United States papers. There is a reference in that advertisement to U. P. S. coupons. That (2365) advertisement refers entirely and exclusively to Wrigley's Spearmint and Wrigley's Doublemint with the exception just mentioned. It does not refer to any other kind of gum. It was published in the Fall of 1914. I think at that time Spearmint and Doublemint were the only two brands of gum we were making that carried the United 1275 Profit Sharing coupons. In so far as that advertisement would advertise the coupon business or the advantage of getting gum with coupons, it would have to be limited to Spearmint and Doublemint because we were not putting out any coupons with any other kind of gum.

Pages 4 to 10 of Larson Exhibit 31, concerning which I was asked by Mr. Aldrich some questions, were the spring series of advertisements of 1915. The advertisement on page 4 also refers to United Profit Sharing coupons and singles out and refers only to Spearmint and Doublemint. I do not think at the time of the publication of that advertisement the Wm. Wrigley Jr. Company issued any United Profit Sharing coupons with any other brand of gum. We started in, I believe, sometime later than that to add it to Juicy Fruit.

The same testimony applies regarding pages 5, 6, 7, 8 1276 and 9 of Exhibit 31. Page 10 does not give the coupons so much prominence. It does say "Save the Coupons". (2366) It refers only to Spearmint and Doublemint brands.

Larson Exhibit 45, which is on page 9 of that Volume, Larson Exhibit 31, also refers to coupons and says that they now come with so many high grade products that you can collect them very rapidly. My attention was drawn to similar language in some advertisement before. My explanation as to the use of those words is the same with respect to this advertisement, (Larson Exhibit 45), as it was to the other. That is to say, it referred to other merchants who issued coupons that are exchangeable by the same United Profit Sharing Corporation, in conjunction with the coupons on Wrigley's Doublemint and Wrigley's Spearmint. It is a suggestion to save the coupons in general that were issued by that corporation, whether on gum or on an article of other customers of the United Profit Sharing Corporation.

Our advertising bill for Australian advertising during
1277 the month of January, 1916, was a bill which covered items of advertising by the Wm. Wrigley Jr. Company, the West Virginia corporation in Australia and also items of advertising incurred by the Australian corporation so that the bill was split, the West Virginia corporation paying its share and the Australian corporation its portion. The result was that the West Virginia company did not pay for any advertising made by the Australian company.
(2367) The Australian company paid for its own advertising. I don't know whether we would have a copy of that account. I would have to look that up because we don't keep copies or I would not, even as a director of the Australian company, keep copies of Australian bills. If it should be anything I would come in contact with to O. K. for the Australian company, I would send it down there, the original, for them to pay.
1279 Page 202 of Larson Exhibit 31 is apparently an Australian advertisement of the Australian corporation. The advertisement covers both the Doublemint and the Spearmint. No portion of that advertisement or the cost of that advertisement was taken into consideration in connection with the account filed with the master. That is, because
1280 it appeared after the organization of the Australian company. It might also lead to the thought, however, that the pencil marks on the side show some system of allocation, you might be led into the idea that perhaps that had been used for some charge; the detail of an advertising account does not show whether that has been included or

not included. But I know positively as a matter of fact that it has not been included. I said that those and other pencil memoranda or like nature made by Mr. Stewart had to do with that sheet which I prepared as to the plate work. Those facts are still true. I mean by my testimony on that as to the charges for the plate work in foreign
(2367) advertising that a good deal of newspaper advertising which is placed in foreign countries does not go through the Stewart-Davis Advertising hands only as far as the plate work is concerned. The text does not go
1281 through their hands. Take, for instance, the question of advertising, they prepared a plate, the text is sketched right up to the electrotype which is used to be printed in the newspapers, the advertisements, that's as far as they go. The difference between getting a complete copy for the newspaper and what they do does not exist, but an advertising agency does not live from the preparation of the plate, they live and obtain their commissions on the amount of the cost of the space in the newspapers. Take, for instance, Hongkong, they prepare the plate and send the plate to Hongkong, our Chinese agent in Hongkong places that in the newspaper and settles the account and sends to us the amount of the charge covering that advertisement, whereas the Stewart-Davis Agency would bill us for the preparation of that plate. with exceptions, but generally speaking the Stewart-Davis Agency had nothing to do with any of our advertising in any foreign country except to order the plate
1282 for us. That's the situation. So that the figures in pencil on the margins of the various sheets to which Mr.
(2369) Aldrich drew my attention were computations referring to foreign advertisements. The Stewart-Davis Agency had charge of getting the plates or etchings made for the foreign advertising, and the Stewart-Davis Company did not have charge of the actual insertion of the advertisements and the payment therefor, and the selection of the places where the advertisements should be inserted. However, in the case of the advertisement on page 202 of Larson Exhibit 31, John Stewart has gone so far as to try and find out the cost of the Australian advertisements on the assumption that when I explained to him that I wanted the foreign advertising allocated as near as he could on the principles I had laid down, he also included everything that was in this book that

is outside the confines of the U. S. A. although we were
1283 not interested in the Australian or any Canadian figures. The apportionments that were made on the margin by Mr. John Stewart had to do with the cost of the plates, as per my previous testimony. He also states, that is, Mr. John Stewart does, that he was leaving these notations in this book in anticipation of submitting them all to me to see whether they would serve the purpose of allocating the cost of the space to the various brands advertised by the various advertisements.

1284 The notations on the proofs of advertisements which
(2370) appear in those books which appeared in other countries refer to the cost of the plate work; the notations which appear against the advertisements in Australia or Canada which appeared in newspapers after January 1, 1916, were put thereby John Stewart with the idea that I have asked him for that and that he was allocating them on the same basis that I had used in allocating the space for charging amounts to various brands in the United States advertising. These figures never got past any other purpose than their entry just here in this book. I don't in the least understand, I am sure, that those figures that might be interpreted as an allocation of charges of the advertising represented John Stewart's views of how the allocation ought to be made. And wherever there are any such figures made by him that are different from those which I used, the figures so appear-
1285 ing do not represent either what I did or my views as to their correctness.

I can give a specimen on pages 117 and 127 of Larson Exhibit 31 of some of the figures which Mr. John Stewart has entered in this book at my instigation when he and I were measuring up these advertisements. He supplied me with the contracts and the particulars of the cost and I took my ruler and measured up the space. Those two notations on page 117, Larson Exhibit 46, and also on
(2371) page 127 of the advertising book, Larson Exhibit 31, were put on by Mr. John Stewart when he was working with me. The proof of that is that they were upside down. We were working at a small table, he working at the advertisement from the top side, I working with the advertisements right face up. My working sheets contain those particulars. He has put them down in each instance on page 117 and page 127 as I called it out as

having been put down on my working sheets. As to those
1286 two sheets he was merely an amanuensis. He just scratched down what I called out. Those figures that are there are the figures which I gave to him which I actually used in making our accounting filed with the master. That has reference to those two instances. No sane man would write the figures upside down for working purposes for himself. That was the time when I was measuring all these advertisements and also wanted to know exactly how much they cost for the purpose of finding out the total cost of advertising and how much could
1287 be allocated to Doublemint. And the contracts in question were contracts which the Stewart-Davis Advertising Agency had made with various newspapers and others for the insertion of these advertisements. And I had to go there in order to find out just what the contract arrangements were. That was a part of the work I was doing in order to prepare the information which I sub-
(2372) sequently put in the accountings filed with the master with respect to the advertising.

The master is not to understand that the effect of my testimony is that the only markings on the margin that relate to the question of allocation will be found on the two pages just referred to. I do not mean to say that the only markings on any of those pages of any of those books by Mr. Stewart are on those two pages I have just named. I mean that they are the only two pages where
1288 the markings are upside down. That is my proof they were put there in my presence. I think Mr. Stewart can measure space as well as I can if he knew what it was needed for and that he had to use care in measuring it.

I explained in my testimony before I think very clearly that Mr. Stewart's idea of getting this up was a rough and ready method of finding out approximately just how much should be allocated, that he was not guided exactly by the space used in an advertisement, but that he would chop an advertisement in two just because it had a little package of Wrigley's Spearmint insignificantly placed in the hands of the sketch work. I will be glad to turn to some of those that were marked by Mr. Stewart and which I have said had no application to the account filed
(2373) and show an erroneous measurement. Here is one here. For instance, on page 204 of Larson Exhibit 31. They are all run on the same order. I find there that

he has charged 358 lines to Spearmint and 142 lines to
1289 Doublemint. That is an Australian advertisement. Here is this system of measurement. By "here" I am referring to a faint line that is drawn across the page under the word "Wrigley's". He has gone on the principle that that place from this faint line up could be used for a Wrigley's Spearmint advertisement without any mention of Wrigley's Doublemint on the whole page, therefore that is a Wrigley's Spearmint charge. If I had been taking that advertisement into account in the accounting which I filed before the master, and if I had used in that connection exactly that method of allocation which I did in fact use in the filed accountings, I would have charged more to Wrigley's Doublemint and considerably less to Wrigley's Spearmint than the pencil memoranda of Mr. Stewart on the margin of that page might indicate.

I first would have measured the package of Wrigley's Spearmint which appears in the sketch and have stated under a Spearmint head the space occupied by that
1290 Wrigley's Spearmint package. Measuring it I find it to be 18 lines. As to whether I would have charged that 18 lines to Spearmint, I will say: If there were no other
(2374) notation on that advertisement which specifically referred only to Spearmint or Doublemint, the system followed would have been as follows:

The whole allocation is 500 lines, the package in the hands of the woman at the top of the advertisement in the sketch part is a Spearmint package that would have been deducted from the 500 lines. The remainder of that advertisement refers all the way through in an equal manner to Wrigley's Spearmint and Wrigley's Doublemint. Taking the 18 lines from 500 would leave 482. 241 lines of that would have been Wrigley's Doublemint and 259 would have been apportioned to Wrigley's Spearmint. In other words, applying to that advertisement the method which I actually applied when I prepared my accounting I would have charged 259 lines of that advertisement to
1291 Spearmint and 241 lines to Doublemint. The pencil memoranda of Mr. Stewart on that page indicate that instead of charging 241 lines to Doublemint he would have charged only 142 lines to Doublemint, or less than 40 per cent. As to the difference in size between the package in the hand of the woman at the top and the

package of Doublemint below, it is just the same. The package in the hand, if it were not for the fact that it is hidden partly by the fingers, would be about 4 lines greater. In my method of computing, I would have
(2375) charged to Spearmint the space occupied by the Spearmint package in the lady's hand just exactly the same as though no part of her hand had covered any part of the Spearmint package. We didn't go into small, finicky details of that sort. I treated it as though the whole Spearmint package had been visible instead of some letters covered by the fingers of the lady's hand.

(Mr. Aldrich then asked that a photographic copy of page 204 of Larson Exhibit 31 be put in the record, which
1292 photographic copy was offered, was received in evidence, and marked Larson Exhibit 58).

(Larson Exhibit 58).

1293 (The parties then admitted that on the margin of page 204 of Larson Exhibit 31 there appears in pencil notations the following:

"285 li, 50 — 50
215 ——>
143
215
———
358 li ——>
142 <——>"

(2376) I make the same kind of criticism with reference to the advertisement on page 205. We have not allocated the advertisement on page 205, but if it had come within the period I would have allocated it by giving the space of that Spearmint case here (indicating), this case of gum marked Spearmint, taking that out of the advertisement; the balance as far as I can see cursorly refers to both brands. "Off for the front" is just a heading which is referring to the sketch matter at the top. That is, the picture indicating a boat with soldiers and sailors
1295 in it. The space of that Spearmint case would have been deducted from the total, 500 lines, and the balance allocated fifty-fifty. I would allow nothing but the space of the Spearmint case on that. The picture would be charged fifty-fifty too. There are some pencil marginal memoranda on page 205 which purport to show some figures regarding Spearmint and Doublemint. Assum-

ing they are indicated to show an allocation of the cost of the advertisement on page 205, they might indicate that 350 lines of that advertisement should be charged to Spearmint and 150 lines to Doublemint. The entire advertisement is 500 lines. A little more than a third of that advertisement is represented by a picture of a part of a boat showing the dropping off of a case of Wrigley's
(2377) Spearmint into the hold of the pictured boat. The picture in question represents an Australian advertisement. It was not included in the accounting filed with the master. If I had included that in the accounting filed with the master and had adopted the method which I did adopt of allocating our advertising charges, I would have allocated the expense of that particular advertisement by charging 243 lines to Doublemint and 257 lines to Spearmint. In other words, I charged Doublemint with as much of the cost of that picture as I had Spearmint excepting to the extent of the space occupied by the case of Spearmint. As an advertising man it is a foolish question to ask me why I should charge any more of that advertisement to Doublemint that is below the ruler which Mr. Aldrich has laid across the corner just above the Doublemint package on page 205. I mean it would appear to me as an advertising man a foolish question, but the fact is everything in that advertisement refers with equal importance with the exception of the fact that a case of Spearmint happened to be put into that sketch, with equal importance to the two brands. There is nothing in that sketch outside of the fact of that case of Spearmint being let into the hold of that ship that does not refer with equal importance to the two brands of chewing gum which are advertised by this advertisement
1297 on page 205. There would be just as much justification
(2378) for charging nothing to Spearmint excepting the space occupied by the case of Spearmint and the package of Spearmint as there would be to charge Doublemint only with the space occupied by the picture of the Doublemint package.

(Counsel for both parties then asked that page 205 of Larson Exhibit 31 be put in the record.

Whereupon page 205 of Larson Exhibit 31 was offered and received in evidence and marked Larson Exhibit 59).

1298 (Larson Exhibit 59).

1299 (It appeared that Mr. Aldrich placed the ruler imme-

diately above the package of Doublemint and when Mr. Mayer placed his ruler it was placed at the lower package of Spearmint).

In making the last answer I did not ignore the prominence given the word "Wrigley's". I said the remainder of the advertisement which was applicable and treated with equal prominence the other two brands was apportioned to those two brands or allocated to those two brands. As a matter of fact Spearmint is supposed on my theory to bear half of the cost of the space which is taken up by that word "Wrigley's" the same as Doublemint is. And I would have Doublemint bear half the
(2379) cost. Looking at page 35 of Larson Exhibit 31, nearly
1300 two-thirds of that advertisement is taken up by a sketch with a line background and a bust of one of Wrigley's spearmen holding in his left hand a package of Wrigley's Doublemint and putting into his mouth with his right hand a stick of gum and on the left of the left hand of the spearman a United Profit Sharing coupon shield.

That advertisement was published in the New York Journal in 1915. That advertisement does not refer to any other brand than Wrigley's Spearmint and Wrigley's Doublemint. Wrigley's Doublemint appears twice in the advertisement. Wrigley's Spearmint appears once. 4½ lines of the advertisement is actually taken up by Wrigley's Spearmint. When I use the word "lines" I always mean agate lines, which means a certain portion of an inch in height and a certain number of inches wide, one newspaper column wide. There are a thousand lines in the entire advertisement on page 35. 630 lines are oc-
1301 cupied by that picture which I have already described at the top of the advertisement of the spearman's head holding a package of Wrigley's Doublemint in his hand. 35 lines are occupied or taken up by the picture of Wrigley's Doublemint package held in the hand of the spearman. I have already testified that Wrigley's Double-
(2380) mint is referred to twice in that advertisement. 4½ lines are occupied in the other reference to Wrigley's Doublemint. The words "Wrigley's Doublemint" as they appear in the package in that advertisement and in the logatype take up 39½ lines. The only reference to Wrigley's Spearmint is also a logatype, and I have said it takes up 4½ lines. If the proper method of allocating the charge for that advertisement on page 35 is as claimed

by Mr. Aldrich as indicated according to his interpretation by the pencil marginal figures on page 204, the cost of the advertisement appearing on page 35 on the same basis would be allocated by charging 817 lines to Double-
1302 mint and 182 lines to Spearmint. I have lost one line on account of the fractions. We don't keep track of them. I included the cost of the advertisement shown on page 35 in the account filed with the master. I charged 50 per cent. to Spearmint and 50 per cent. to Doublemint. So I charged Doublemint about 317 lines less than would have been charged if the allocation had been made in accordance with the indication made by the pencil memoranda on page 204.

(Mr. Mayer then offered in evidence said advertisement appearing on page 35, Larson Exhibit 31. It was received in evidence and marked Larson Exhibit 60).

(2381) (Larson Exhibit 60).

1303 As to the master's statement that he does not understand on what theory the allocation could be made that way, because he says certainly Doublemint takes up more
1304 space than Spearmint, I will say: The intent of that ad is a Doublemint ad, that's what it is put out for, that's what is in intended to do, but we are not charging space on intent. You can't buy space on intent, you can't go to a newspaper and say "I intend to get $100,000.00 worth of Doublemint gum business, therefore you sell me the space on the intent that I intend to do that", you buy it on an actual basis like you buy flour or sugar. So much space costs you so many dollars, and it is immaterial to the newspaper what you put in it. You pay for it before you put the advertisement in. If your results from that space are insufficient, your advertisement is wrong or your material is wrong, or your copy is wrong, but the intent has nothing to do with the cost of the space. In this case here we have apportioned that fifty-fifty. That is a wrong apportionment on the basis that we have taken all through our account. It does not fit in with our theories at all, but here is the solution of it.

(2382) We have taken that advertisement as offsetting this advertisement here on page 42 which is run in the same series of advertisements in the same paper.

As to why I did not follow the same basis, that's not my allocation. I had nothing to do with it. I gave what my allocation would have been.

The following then took place:

"The Master: Why didn't you follow the same basis?

A. That's not my allocation, I had nothing to do with it.

1305 The Master: But you gave what your allocation would have been?

A. Yes.

Mr. Mayer: The master is right. Let me go one step further. If this was the only advertisement right here, and if he had followed the course which he was following, he would have charged this space right here to Doublemint and deducted it from this and divided the balance into two parts. In this particular instance he says the reason he didn't do it is because this is one of a series of advertisements. Another advertisement of the series he is going to take up when we go on, on page 42.

(2383) Mr. Lane: One off-sets the other.

The Master: Then you have not followed the same method all the way through.

The Witness: We have not strained a gnat. We tried to get as much as we possibly could out of the space basis for Doublemint, but we have used the same method.

Mr. Mayer: In other words, the reason he has not literally taken this by measurement and taken this by measurement was because the one off-sets the other, they were part of a series going in at the same time.

Mr. Aldrich: Have you your working sheets here?

Mr. Lane: You get the same results.

The Master: You would if you have an equal number of any kind.

Mr. Lane: Yes.

The Witness: In many instances where a series of advertisements might run in newspapers the artist might put in a big package of Spearmint and in another he puts in a big package of Doublemint. That does not control really the two advertisements, the sales that might result from these advertisements therefore we have pared them off."

(2384) Thursday, April 17, 1919.
1306 10:30 A. M.

WILLIAM H. STANLEY further testified on cross-examination by Mr. Mayer:

When we adjourned yesterday I had finished my explanation of page 35 of Larson Exhibit 31, and testified that I allocated the expense of that by charging Doublemint with 50 per cent. of the cost and Spearmint with 50
1307 per cent. of it. And in doing that I don't make a specific charge to Doublemint of the space occupied by the picture of the Doublemint package in the hands of the Spearman which is photographed. By not charging Doublemint alone for the space occupied by the picture of the Doublemint package in the photograph I gave Doublemint an advantage. As to whether to that extent in that particular advertisement I did not follow the plan which I have testified that I had adopted, I can't say that I didn't follow the plan except I used another method of arriving at the same plan. That is, the result reached was the same as though I had in fact charged Doublemint expressly with the lines used by the picture of the Doublemint package.

I arrived at the same result even though I did not in fact charge Doublemint for that particular space, by taking the series and off-setting in the total sum the space
(2385) which was not taken up to a greater extent by Doublemint in the advertisement on page 35 of Larson Exhibit 31 by the extra space which was taken up by the Spearmint package on page 42 of Larson Exhibit 31. The packages in Larson Exhibit 31, page 42, are three in number, a large Spearmint package partly superimposed on a Doublemint package of smaller size, then this Doublemint package partly superimposed upon a Spearmint package of still smaller size. The space reckoned out on this advertisement, if reckoned very minutely, comes within two lines of balancing the space which is taken by the Doublemint package on page 35 of Larson Exhibit 31. Therefore, although not taken separately as a unit, the one off-sets the other in the total number of lines used in the cost of this series of advertisements.

1308 As a matter of fact, then, I measured both advertisements in preparing my account to be filed with the master.

That was on a line and line basis, including the advertisement on page 35 and that on page 42. The advertisement on page 35 cost some $558 and the advertisement on page 42 some $563.40. The expense of those two lines
1309 difference that I have just talked about is $1.12, 56 cents per line. Doublemint was charged with $1.12 less than it actually should have been on a minute examination of
(2386) the two advertisements on the theory on which we have reckoned out all advertisements. So that as a matter of fact, considering these particular advertisements alone and the amount paid for each, I did allocate on the basis of actual measurement in a way that I have already testified, and Spearmint got the advantage of $1.12 because we did not charge Doublemint with $1.12 as much as we should have done. There are two lines more devoted to Doublemint on page 35 than there are lines devoted to Spearmint on page 42. The question of advantage and disadvantage I think is a relative one. By advantage you would mean it was charged less, by disadvantage you would mean it was charged more. Doublemint was undercharged to the extent of $1.12 on a minute
1310 examination. I should have charged more against Doublemint than I did. In other words Doublemint should have paid $1.12 more. Larson got the advantage, but Doublemint had a disadvantage. The mistake which I made was in favor of Larson, and is occasioned by running the calculations down into twenty-fifths which we did not take much notice of. By twenty-fifths I mean it necessitated in measuring a package here getting down to a twenty-fifth of a line which is not exact, a column wide. Those two advertisements were not inserted more than once. This series ran once in the New York Journal only and in no other papers. It is what we call a trial
(2387) set of a new size to find out the effect and the appearance and setoff in particular New York newspapers. The advertisement on page 35 was inserted in the New
1311 York Journal July 13, 1915. The advertisement on page 42 was inserted on August 31, 1915, in the New York Journal only.

(Said advertisement appearing on page 42 of Larson Exhibit 31 was offered in evidence by Mr. Mayer, received in evidence and marked Larson Exhibit 61).

1312 (Larson Exhibit 61).

1313 I don't remember any other occasion where we have

used offsetting methods. There are several occasions, however, in which infinitesimal details of a sketch or an advertisement have not been taken into consideration, especially where as far as the people are concerned it is illegible,—where such small details are to convey the idea of a package or a box, something similar in shape to ours, without being readable as to details. Sometimes, for instance, the name of the brand on a package appears so small in the advertisement as to be illegible and sometimes there is nothing legible being aimed at. For instance, refer to page 4 in Larson Exhibit 31. No at-
(2388) tempted legibility has ever been made with that Doublemint trade-mark, it is a Doublemint trade-mark which is on a sheet of music, but such small details have not been considered in apportioning or allocating any charge to Doublemint. Wherever I have made measurements or
1314 have had anything in any advertisement that was at all doubtful on the subject the charge was not made against Doublemint. In other words, other brands stood the charge. On page 30 of Larson Exhibit 31 are some more small details which we have not taken into consideration. A spearman heading a row of supposedly seven wives has a case in each hand. On one is a Spearmint trade-mark, on the other is a Doublemint trade-mark. The package of Spearmint which he is carrying shows the Spearmint trade-mark twice, and that of the Doublemint also appears twice on the package. That picture also shows at least one other package of Spearmint. One is supposedly a package of Doublemint and the other a package of Spearmint. The Spearmint package is very much more easily seen and identified than the Doublemint package. The Spearmint package that I am referring to is on the picture of a bill board on which it says "Chew
1315 it After Every Meal". It is in the upper left hand corner of the picture. The Doublemint illegible package to
(2389) which I referred is in the upper right hand corner of the picture, and above the two figures on the right hand side of the picture, and right next to the last described Doublemint package appears a spear.

((Said advertisement appearing on page 30 of Larson Exhibit 31 was offered in evidence by Mr. Mayer, received in evidence and marked Larson Exhibit 62).

1316 (Larson Exhibit 62).

1317 (It was stipulated that the Doublemint trade-mark of

a double headed spear shown on that sheet of music on page 4 of Larson Exhibit 31 is practically illegible.)

Page 77 of Larson Exhibit 31 contains 500 lines. At the head of it there is a picture of a strong laboring man, apparently standing on the roof of a building located among very high neighboring buildings with the view of a lake in the distance, and the picture apparently indicates the raising up by a crane on the top of the building on which the laboring man is standing a package of Wrigley's Doublemint chewing gum, and standing upon that package so being hoisted is a spearman. The picture thus roughly described occupies 225 lines. That is above the printed matter starting out with the word
1318 "steady". The illustration is a little less than one-half
(2390) of the picture. The line border is out of the illustration. I allocated that by charging 244 lines to Spearmint and 256 lines to Doublemint. That is, I made a special charge against Doublemint of the space occupied by the photograph of the package of Doublemint that is being raised up by the crane. We gave eleven agate lines for that picture of the Doublemint package appearing in the sketch work. In other words, that advertisement illustrates the general plan that I pursued for the purpose of allocating the charge for the space occupied by the Doublemint advertising. This advertisement is 500 lines in size,—that's the way newspapers charge them. I have taken the size of that Doublemint package and reckoned it out as a little over a column size, ten and one-half inches, making eleven lines. Eleven agate lines from 500 leaves 489, and the remainder of that advertisement referring to the two flavors, Doublemint and Spearmint, and the whole wording referring to that, both made in Canada, both are applicable to the wording and sketch work. I have divided the rest by two; then having divided the rest by two, I have added to the Doublemint
1319 charge the eleven lines for the Doublemint package.

On page 197 of Larson Exhibit 31 is the reverse system with regard to the charges for the brands. In other
(2391) words, the Spearmint package in the hand there is prominent, it is not an illegible package, it has some bearing upon the advertisements. The charge there has been allocated as follows: The whole ad is a 500 line ad, the space occupied by the Spearmint package in the sketch work is 14 lines, the remainder of the whole 500 line ad-

vertisement taken as a whole refers in general to the three packages shown therein. Viz., Spearmint, Juicy Fruit and Doublemint. The 14 lines from 500 left a balance of 486 lines that have been apportioned one-third to each brand. The allocation to Spearmint has been added to it, in addition to this one-third of the remainder, the 14 lines for the Spearmint package shown in the sketch work at the top, making 176 for Spearmint and
1320 162 for Doublemint and 162 for Juicy Fruit, a total of 500 lines. In other words, the illustration of a person holding a package of Spearmint in his hand, was not charged to Spearmint alone. That advertisement appeared in the newspapers of the United States in the spring of 1917. It was one of the series which appeared in the newspapers of the United States in the spring of 1917. What day it appeared I don't know without reference to the contract. The last one that I have been testifying to, this one I had about Canada, appeared in the Canadian newspapers the latter part of 1915. That's on
(2392) page 77 of Larson Exhibit 31.

(The advertisement appearing on page 196 of Larson Exhibit 31 was offered in evidence by Mr. Mayer. It was received in evidence and marked Larson Exhibit 63).
1321 (Larson Exhibit 63).

Page 196 of Larson Exhibit 31 was one of the series of advertisements that was used throughout the United States in the newspapers in the spring of 1917, and was published in newspapers generally throughout the United
1322 States. That particular series is shown on pages 189 to 198 of the same volume. There is also one on page 199 which is smaller size and then further ads of the same series on pages 200 and 201. Those advertisements advertise Wrigley's Spearmint, Wrigley's Juicy Fruit and Wrigley's Doublemint, each of them. Those advertisements did not advertise any other gum. In the majority of cases they specifically state "Three of a kind". The advertisement on page 189 of Larson Exhibit 30 is a fair illustration of the type of advertisements in that series. On page 189 there appear to be two proofs numbered 701, which seem to be the same.
1323 As to whether there are any differences I will say: The one which is fully pasted in the book on page 189
(2393) was the first proof prepared, which was not used. A new arrangement of the packages and of the text was

made and the one which is only pasted in at the upper half over the one which is fully pasted in the book was the one which was actually used. I am referring to the two proofs on page 189.

(Said advertisement appearing on page 189 of Larson Exhibit 31 was offered in evidence by Mr. Mayer. It was received in evidence and marked Larson Exhibit 64).

1324 (Larson Exhibit 64).

1325 The advertisements to which I have been referring appearing on pages 189 to 201 in Larson Exhibit 31 covered practically an expenditure of $150,000.00 and appeared within the confines of the United States; they were used from Oregon to Florida and from Maine to California. At that time we were using about 3,000 newspapers published throughout the United States in every State.

Page 198 of Larson Exhibit 31 is a 500 line ad of the same series which was used in the United States newspapers, which I have just now described. I allocated the charge of that advertisement one-third to each brand. 249 lines of that advertisement is taken up by the upper
(2394) illustration. That's practically one-half of the en-
1326 tire advertisement. The upper illustration represents a picture of a well dressed prosperous looking man in a bank handing in to the receiving teller in the cage of the bank a package of Spearmint gum. If you take a look at it, that package of Spearmint gum is fairly legible and discernible. The picture of the box of Spearmint gum which is being handed to the receiving teller is less than one-third of a column by three lines high. Translating those dimensions into inches that will be 9/16ths of an inch long, 3/16ths of an inch high. That's almost a quarter of an inch high by a little over half an inch in length.

(Said advertisement appearing on page 198 of Larson Exhibit 31 was offered in evidence by Mr. Mayer, received in evidence, and marked Larson Exhibit 65).

1327 (Larson Exhibit 65).

1328 (I made no charge to Spearmint on account of the space occupied by that Spearmint package which I have just described, for the same reason I previously testified to, viz., that it is an insignificant package. We have not taken into account small details where it was a question of legibility. Don't overlook the fact that these plates
(2395) are printed on specially prepared machine finished

and heavily starched paper. That is not newspaper stock that is printed on. They don't show up as well in the newspapers as they do on this class of paper.

(The advertisement appearing on page 201 of Larson Exhibit 31 was then offered in evidence by Mr. Mayer, was received in evidence and marked Larson Exhibit 66).

1329 (Larson Exhibit 66).

1330 I allocated the expense of the advertisement on page 201 33⅓ per cent. to each brand. That advertisement on page 201 was published in the United States newspapers in the spring of 1917. It is one of the series to which I have been referring. The advertisement on page 201 refers by brand only to three brands. Those brands are Juicy Fruit, Spearmint and Doublemint. The advertise-

1331 ment says "Take your choice of flavor".

The advertisement appearing on page 203 of Larson Exhibit 31 was presumably published in Australia sometime in 1917. It did not enter into my accounting. Page 204 of the same volume, Larson Exhibit 31, to which Mr. Aldrich called my attention, was to be inserted in the Australian newspapers. It did not enter into the ac-

1332 counting which I filed with the master. Page 205 of the same volume is also an Australian advertisement. It

(2396) did not enter into the accounting filed here. The two proofs on page 208 of the same volume did not enter into the accounting filed with the master. Neither the expense of the two advertisements, copies of which appear on page 208 of Larson Exhibit 31, nor any of the advertising appearing there was taken into consideration at all in preparing the accounting.

When I use the expression "Account filed here" I mean to refer to any of the account filed here by the Wm. Wrigley Jr. Company, and I will so continue to mean unless I specify some particular one of the accounts filed.

1333 Page 218 of Larson Exhibit 31 contains copies of two advertisements that were published in Canadian papers I should judge from the text in the body of the advertisements. They were published subsequent to December, 1916, because the notation at the top says "These patterns were sent to Toronto December 2, 1916". Those advertisements did not figure in any way in the accounting which I filed here.

1334 (Mr. Aldrich, counsel for the L. P. Larson Jr. Company, then stipulated that the witness had testified that

all of the advertisements where Stewart's figures were on, referring to Canadian and Australian advertisements after the organization of the Canadian and Australian corporations, did not enter into the accounting.)

(2397) Page 1 of Larson Exhibit 32 is an Australian advertisement and did not enter into the accounting. The reference in the advertisement on page 1 of Larson Exhibit 32 to "J. C. Gambles & Coy, sole Australian agents, Commerce House, Melbourne" is to the firm that I testified were the exclusive agents at one time for the handling of the Australian gum. They have sole and exclusive selling rights of Wrigley's chewing gum in Australia, New Zealand and Tasmania. When that advertisement was published that concern was temporarily acting as sole selling agents of the Australian corporation, Gambles &
1335 Coy had been selling for the West Virginia company prior to the organization of the Australian company and discontinued that relationship upon the organization of the Australian company, and then that Australian company made some arrangement with Gambles. It was practically an assignment of the understanding or agreement between the West Virginia corporation and Gambles. In other words it was practically a taking over by the Australian company of the Wrigley contract with Gambles. That contract is not in force now. It was discontinued as of December 31, 1918. We, that is, the Aus-
1336 tralian company, of which I am a director, just purchased the unexpired portion of that contract.

(2398) Both of the advertisements on page 2 of Larson Exhibit 32 refer to both Spearmint and Doublemint gum, and the same thing is true as to the advertisement appearing on page 3 of the same volume. That was also an Australian and non-accounted for advertisement. Page 4 of the same volume is also an Australian advertisement not included in the accounting, and covers both Spearmint and Doublemint brands. By an Australian advertisement I mean an advertisement of the Australian corporation. By the term "Australian advertisement" I mean an advertisement of the Australian corporation.

1337 The advertisement on page 5 of Larson Exhibit 32 is an Australian company's advertisement which refers to Spearmint and Doublemint gum. The same thing is true with respect to the advertisements on pages 6, 7, 8, 9 and 10 of that volume.

1338 All the advertisements appearing on pages 18 to 29 in Larson Exhibit 32, to which Mr. Aldrich drew my attention, were advertisements inserted in Canadian newspapers from June to September, 1917. None of them entered into the accounting filed with the master.

1339 The advertisements appearing on pages 18 to 29 of Larson Exhibit 32 refer not only to Doublemint gum but also to other gums.

On page 30 of Larson Exhibit 32 appear four Spanish proofs. They were for plates of two-column nine-inch
(2399) advertisements which were prepared for use in Panama and for insertion in the Spanish sections of the newspapers there. They were actually published about 1917. The plates were sent from here on or about July 6, 1917, direct to the agent at Panama and he had been inserted in the Spanish papers there and paid for the space, debiting us with that space. When I refer to "we" and to
1340 "us" I mean the West Virginia company. I am not so positive whether those four Spanish advertisements appear in the accounting filed before the master. We don't keep details of the advertisements which are placed in Panama because we are charged with the space which is used, but the system of placing advertisements there is entirely different from the U. S. A. The editor of the Newspapers put in his paper what he thinks he would like in. Those proofs may have been published, but I cannot tell on which date they were. So far as I know they were paid for by the West Virginia corporation. Those four Spanish advertisements each had a picture of a package of Wrigley's Spearmint, Wrigley's Juicy Fruit and Wrigley's Doublemint. We charged Doublemint something for those publications. We have charged one-third of all the space used in the newspaper in which those plates were printed, to Doublemint.

(2400) (The first three of the four Spanish advertisements appearing on page 30 of Larson Exhibit 32 were offered in evidence by Mr. Mayer. They were received in evidence and marked Larson Exhibits 67, 68 and 69, respectively).

1342 (Larson Exhibit 67).

1343 (Larson Exhibit 68).

1344 (Larson Exhibit 69).

(2401 April 17, 1919.

1345 L. P. LARSON, JR., called as a witness on behalf of Wm. Wrigley Jr. Company, and having been theretofore sworn, testified:

1346 I am President of the L. P. Larson Jr. Company, and deeply interested in this case. I understand that company was defendant and counterclaimant in the suit now on hearing. I owned a majority of the stock of the company, and am in control of it, and have been in active control of it since its inception in July, 1911, as an Illinois corpo-
1347 ration. Right prior to the organization of the L. P. Larson Jr. Company I bought a vending machine business from the Zulu Manufacturing Company. I conducted the Zulu Manufacturing business from 1908 to December, 1912, and still have control of it. It is a live corporation under the Illinois law. I conducted that vending machine business from 1908 to December 31, 1912, under the name of Zulu Manufacturing Company, but in that period there was a change of the name of the corporation and then changed back to the Zulu Manufacturing Company. I don't recall just what change of name was made, but we continued with the Zulu Manufacturing Company. The business was that of vending ma-
1348 chines and chewing gum. We, that is, Charles T. France, and I, did not purchase from the Zulu Manufacturing Company in 1908 its vending machine and chewing gum business. I mean we purchased assets from a concern, the name of which I have forgotten, and then or-
(2402) ganized the Zulu Manufacturing Company and turned over to it the vending machine and chewing gum business which Mr. France and I had bought. We purchased with the merchandise the trade name "Zulu" which they were using.

1349 We continued that business until December 31, 1912. Prior to 1908 I was associated with my father in Nebraska in his business and I came to Chicago in 1907, taking charge of the Universal Type Making Machine Company, making type for printers. I am now 39 years old, and was 27 years old when I came to Chicago. Before coming to Chicago, I lived in Fremont, Nebraska, where I was in the wholesale liquor business and brew-

ery business. The concerns I was with were the L. P. Larson Company of Fremont, Nebraska, and the Fre-
1350 mont Brewing Company. The L. P. Larson whose name I have mentioned is my father.

In a general way, the only business experience I had before coming to Chicago was in the liquor and brewery business. When I came to Chicago in 1907, I had full charge of the Universal Type Making Machine Company, a $250,000.00 corporation, fully paid. Father and I had $100,000.00 in it, and Nebraska capitalists were also interested. It was an Illinois company with its place of business at 321 North Sheldon Street, Chicago, Illinois.
(2403) I was with the Universal Type Making Machine Company about nine months, and then I purchased the stock of vending machines and organized a corporation and went along and sold vending machines and chewing gum.
1351 That corporation was the Zulu Manufacturing Company. The vending machines to which I have referred and which the Zulu Manufacturing Company was selling were machines that vended chewing gum and vended match boxes. The Zulu Manufacturing Company manufactured them. During the entire period, from its organization to December 31, 1912, except for a period of about six months, when they bought them from the Wilshire Manufacturing Company, the Zulu Manufacturing
1352 Company sold all those vending machines. There were instances where we would lease them to further the sale of our chewing gum. I was the active manager of the Zulu Manufacturing Company during the entire period from 1908 to December 31, 1912, and President of the company and its principal stockholder and controlled it during all of that times.

The machines and chewing gum were in connection. We would not sell any vending machines without selling the chewing gum with it as we had a one size package that no other manufacturer used, so we would have to furnish the chewing gum with the vending machines. We
(2404) had inquiries and orders from all over the world, people seeing the machines and the chewing gum, we would sell wherever we received an order from.
1353 The Zulu Vending Machine was a machine that was placed on the counter or fastened to a wall which the public could drop one cent in and get a cent stick of chewing gum for it. If they played the game, they would

get one stick for one cent, but we also had that gum wrapped five sticks in a package with a band around that we sold for five cents. I could not say whether I have a photograph of the vending machines I am speaking about. I would be glad to furnish a photograph if I have one. There were two sets of plungers on that vending machine. There were two plungers to vend one stick;
1354 there would be four plungers on the machine which would consist of two sets. I call a plunger a piece of steel or metal that projects out and beyond the vending machine which one would touch with his hand and press in or up or out and which would result in operating a mechanism that brought into the purchaser's hands the stick of gum. There was one plunger where you pressed down after placing the penny in the machine. There was one slot in the vending machine into which one cent had to be put.

Another machine sold matches. That was an entirely separate, different machine. In the gum vending machine, there was one slot into which one had to put one
(2405) cent, neither more nor less. In order to get your gum,
1355 one had to touch a plunger which released some springs and resulted in your gum coming into the purchaser's hand. That would be one stick of gum. Five sticks of gum would have to be purchased from the dealer. The vending machine would not sell one package of five sticks of gum. If this record shows that I said that the vending machine sold packages of five sticks of gum, I didn't mean it that way. This machine did not sell any package of gum at all. What I meant was that besides the Zulu Manufacturing Company selling vending machines, that sold one stick of gum separately, the Company also sold outside and independent of the machine gum in packages of five sticks.

1356 The match vending machines sell only matches. The vending machine sold licorice, peppermint, spearmint, fruit gum and orange gum.

My connection with the Zulu Manufacturing Company was my first experience in the chewing gum business. That was in 1908 and continued constantly thereafter until the present time. The Zulu Manufacturing Company manufactured and sold gum of different brands.

1357 The Zulu Manufacturing Company on December 31, 1912, sold its assets of the vending machine and manufac-

ture of chewing gum to L. P. Larson Jr. Company, which continued the business of the Zulu Manufacturing Company as to the manufacture of chewing gum and vending
(2406) machines. Since December 31, 1912, the L. P. Larson Company has been engaged in the business of marketing chewing gum. Prior to December 31, 1912, it was engaged in business as a sales company handling merchandise of the Zulu Manufacturing Company and chew-
1358 ing gum. Prior to December 31, 1912, the L. P. Larson Jr. Company sold chewing gum of the Zulu Manufacturing Company's brands. These sales were not as agent of the Company, but the L. P. Larson Jr. Company purchased the goods from the Zulu Manufacturing Company and billed it out to its customers. During all the time, the Zulu Manufacturing Company's office, or place of business, was at 29 South Clinton Street, Chicago, Illinois. The L. P. Larson Jr. Company had offices in the Commercial National Bank, 505 Commercial National Bank and also at 29 South Clinton Street. The L. P. Larson Jr. Company and Zulu Manufacturing Company both oc-
1359 cupied same offices at 505 Commercial National Bank. Sometimes we would rent out for a period of time a room of those offices.

The L. P. Larson Jr. Company first began business in 1911. That business was selling of chewing gum, a five cent package, five sticks with a counterband around them for five cents. Either in 1911 or 1912, the L. P. Larson Jr. Company first began to manufacture gum. I bought a gum plant out at Minneapolis, and as I remember, the
(2407) L. P. Larson Jr. Company purchased that machinery. When I say "I bought" I mean the L. P. Larson Jr. Company bought and paid for that machinery. The
1360 books of the L. P. Larson Jr. Company would show that. I don't remember the transaction other than I heard of this chewing gum plant being for sale and I went up to Minneapolis and purchased it. Whether I took stock in the L. P. Larson Jr. Company for what I paid for that machinery or whether the L. P. Larson Jr. Company paid these people direct I don't remember. As close as I can remember, the transaction took place about the time of the organization of the L. P. Larson Jr. Company. If L. P. Larson Jr. Company did make the purchase and make the payment directly, its books would show. As close as I can remember today, I bought the factory

1361 myself up there and took stock in the L. P. Larson Jr. Company for the assets and turned the machinery over to the company for stock. I will examine my books for the purpose of seeing if I can fix the date when the L. P. Larson Jr. Company first began to manufacture any kind of gum. I feel satisfied though that the L. P. Larson Jr. Company handled and dealt in gum before it began to manufacture gum.

1362 (The witness was then asked as to whether the Zulu Manufacturing Company ever manufactured, handled or sold or dealt in any brand of gum known as Wintermint, to which counsel for the L. P. Larson Jr. Company objected on the ground it was im-
(2408) material, incompetent and irrelevant. The objection was overruled and the witness resumed):

April 21, 1919

1363 The Zulu Manufacturing Company never manufactured, handled, sold or dealt in any brand of gum known as Wintermint.

I have not brought in a photograph of the Zulu Manufacturing Company gum vending machine with me. We moved in the Spring of 1918 and those records were filed away in boxes that were packed by the people that did our moving and I am sure that as soon as I can get to those records that I can furnish you a circular or photograph of that machine which I will be glad to do. I have
1364 not made any inquiry of those people who moved us so as to enable me to examine those records. I have no reason to believe that any of those records have been lost, burned, destroyed or disposed of. The records moved by those people were all our records and files of our business since the inception of the vending machine and chewing gum business that I have been in connection with. That would be since 1908 down to the present period.

In the spring of 1913 we moved from 29 South Clinton Street to Sheldon and Carroll Avenue, and as far as I can remember we moved from the corner of Sheldon and Carroll Avenue to LaSalle and Illinois Street in the
(2409) spring of 1914 and in the spring of 1918 we moved from LaSalle and Illinois to St. Clair and Ohio Street.

When I said a few minutes ago that our records were
1365 filed away by those who moved us, I had reference to the removal from 29 South Clinton Street to Sheldon and

Carroll Avenue and also from Sheldon and Carroll Avenue to LaSalle and Illinois Street and also to St. Clair and Ohio Street. The same persons did not move us each time. In the removal of 1913 from 29 South Clinton Street to Sheldon and Carroll Avenue, that moving, as I recollect it, was done by ourselves, hiring different teamsters. The files, records, books and photographs and everything else were boxed up and kept in our storeroom located at Sheldon and Carroll Avenue. The next spring, or 1914, we moved from Sheldon and Carroll Avenue to LaSalle and Illinois Street. We moved the same way, that is, employed teams and did our own moving. We employed no professional van company.

1366 When we moved in the spring of 1914, all the old files and records were kept in order in boxes and nailed up or fastened together in such a way as to keep them intact. When we moved in the spring of 1914, they were taken to LaSalle and Illinois Street. None were stored at that time in any warehouse or storing company. They remained under our own roof.

I don't recall the street number of our Sheldon and
2410 Carroll Avenue place. Our LaSalle and Illinois Street place of business was 501 North LaSalle Street. Our St. Clair and Ohio Street number was 201-203 East Ohio Street.

The third time we moved was in the spring of 1918 when we moved from 501 North LaSalle Street to our premises at 201 and 203 East Ohio Street. When we moved to 201-203 Ohio Street the people that took the
1367 lease of our premises on the corner of LaSalle and Illinois Street tended to the moving. They hired people to do it for them. We gave up our premises at 501 North LaSalle Street before the lease was up and the people who took the building, as a part of the consideration, moved us from there to the present quarters. Those people were at the time making machinery for the Government. They are still in business at 501 North LaSalle Street. They moved everything that belonged to us, including all of our photographs and records and files and books and documents, from 501 North LaSalle Street to our present
1368 premises. So far as I know; at the time the moving was done I was called to New York City and was there during the removal of the greater part of the stocks and files. Our files or books or records were not moved to any other place than the present quarters.

I was the President and principal stockholder and active manager of the L. P. Larson Jr. Company at that
(2411) time. I gave instructions that everything should be moved to the present premises, and I have no reason to believe that it was not done.

I do not intend to say that our records, books, files and photographs which have been moved from time to time are at any other place than 201-203 East Ohio Street. They are filed away in boxes and are under our roof, so far as I know. I have no reason to suppose anything to
1369 the contrary. I have never given any orders or instructions to remove any of the those files or records or photographs and I don't think anybody would remove or destroy any of them without my instructions.

I have been questioned a number of times by people who didn't seem to have any position or money to invest, but were very interested in our business and have questioned up to a large extent as to what business we have done and what extent. Our books and records will show exactly what business we have done, and to what extent,
1370 and will show it correctly as far as I have reason to believe. I would say all those books and records are in existence. I have no doubt of it today.

My testimony at the last session that I had had no experience in the chewing gum business prior to 1908, and from 1908 to December 31, 1912, I was principal owner and in control and in the active management of the Zulu Manufacturing Company, is correct.

(2412) (The witness was then asked how much of his time was devoted to looking after the business of the Zulu Manufacturing Company in the sale of gum vending machines, and how much in the sale of match vending machines, and how much in the sale of chewing gum, in order as it was stated, that an idea might be given as to how much time he spent in the chewing gum business and what was his experience from 1908 up to December 31, 1912. To this question, counsel
1371-2 for the L. P. Larson Jr. Company objected on the ground that the matter was all foreign and can have no relation to any issue in the case. The Master overruled the objection, and the Master continued):

All my time was given literally to the manufacture of
1373 vending machines and chewing gum. We first started to manufacture vending machines about the year 1908 and

purchased our chewing gum from a manufacturer here and started to manufacture chewing gum a short period after that. We were at 29 South Clinton Street when we started manufacturing chewing gum and that must have been some time after 1908. As to the year I don't just remember. By the word "we" I mean the Zulu Manufacturing Company. All my time was given to the Zulu Manufacturing Company and the L. P. Larson Jr. Company from 1908 to December 31, 1912. The L. P. Larson
(2413) Jr. Company was organized in that period, July 1911.
1374 I came to Chicago in 1907. At that time I had full charge of the Universal Type Making Machine Company. That Company made a machine that made type for printers. We sold it for $1825.00 that would make individual types for set-up work for printers. I was financially interested in that company to a very large extent. I don't exactly remember my investment. My personal investment as near as I can recall was between twenty and
1375 twenty-five thousand dollars of my own money. There was so similarity between any branch of its business and any branch of the business any time carried on by the Zulu Manufacturing Company or the L. P. Larson Jr. Company.

I was connected with the Universal Type Making Machine Company from 1906 to 1908. I had an investment in the Universal Type Making Machine Company before I came to Chicago. I was employed by that Company,
1376 I believe, from the spring of 1907 to the first of the year 1908. I believe I came to Chicago in the spring of 1907. I did not make my investment in that company all at one time. I made my original investment and then as the corporation needed money, why, together with other financial interests, we put up money from month to month. The amount of my initial investment in the Company was about $15,000.00. I was treasurer and general manager at the time I moved into Chicago. The other officers
(2414) were my father, L. B. Richards, L. M. Keene and John
1377 Gum, all of Fremont, Nebraska. I don't know whether the Company is still in existence. They made a connection with another corporation along the same line. I can't say when.

I severed my connection with the Universal Type Making Machine Company for the reason that I had a very rich man here in Chicago that wanted to buy it and take

it over and build a big business out of it and put me in charge of it, and our stockholders could not see it and I contended that our way of doing and handling the business was not on the scale that would warrant a success. My judgment was sound. I let my investment ride with the present stockholders and practically never got anything out of my investment in the Universal Type Making Machine Company. The investment was bad, but we hope
1378 that it will prove good. I never received any dividends on the stock of that Company.

That Company is consolidated, as I understand, with another corporation. I don't know when. I didn't take any interest in it, because my father and men of standing were with it and I had gone to the limit with it. It was not my judgment that got me into this business. My father wanted me to get into this line of business.

The Universal Type Making Machine Company was an Illinois Corporation with a capital stock of $250,000.00. A mortgage was subsequently placed upon its property.
1379 I don't believe the mortgage was foreclosed. I don't
(2415) believe there was a default in the interest, on the payment of that debt. Some financial men here in Chicago and in Fremont, Nebraska, reorganized it and it was by the consent of the stockholders that it was reorganized. It is not a fact that at the time I was connected with the Company it didn't have assets to pay its debs in full. The Universal Type Making Machine Company was never insolvent, the way I understand it. That is, where they had contracted for merchandise that they could not pay for.

I make income tax returns to the United States Government and have since the war.

1380 (The witness was then asked to produce copies of the income tax returns, to which there was an objection by counsel for the L. P. Larson Jr. Company, and the Master ruled that he didn't propose to go into an accounting with this Company.)

1381 I would say that concern was solvent as to outside creditors at all times. I believe it owed some of its officers and managers large sums of money. It did not have assets enough to pay all its creditors, including the money that it owed its managers and officers and directors. I mean that the officers of that corporation had advanced large sums of money for the furthering of the business,

they had reorganized the corporation on other basis and
(2416) for some reason or other they had claimed that the firm owed them so much money and with the consent of all the stockholders they had reorganized the company and taken new stock in another corporation on another basis or taken so much preferred or so much indebtedness, or whatever it may be, to guarantee them the money that they had advanced.

1382 I would not consider that in 1914 my investment in that corporation was worth anything, and I have never considered it since that time to be worth anything, and I have not charged it off on my income report or anything else. I don't believe that anybody really got any money
1383 out of the Universal Type Making Machine Company, but that the men in charge of the business took and reorganized the corporation to their safety where they were assured that when the company was able to pay them that they would first get their money out of it, they didn't have any outside creditors at any time that demanded money off of them.

I have my stock in the Universal Type Making Machine Company when it went out of business, but was not working for the company at that time.

Prior to coming to Chicago, I was connected with my father in the wholesale liquor and brewery business. Those two concerns were operated and were each organized under the laws of Nebraska. I owned stock in the
(2417) L. P. Larson Company of Fremont, Nebraska, a Nebraska Corporation. Its business was strictly whole-
1384 saling only of liquor and wines. I had no interest in my father's brewery. At the time I moved to Chicago the only property I personally owned was my interest with my father in the wholesale liquor business. That business was conducted under the name of L. P. Larson Company, Fremont, Nebraska, a Nebraska Corporation. It only had its one business and there was no other L. P. Larson Company when I moved to Chicago that I know
1385 of. The L. P. Larson Company had a single place of business and that was at Fremont, Nebraska. It was engaged in the business of wholesaling of liquor and wines, and I believe at the last it had a rectifier's license. We went out of business when the State went dry, which was, if I am not mistaken, May 1, 1915.

At the time I came to Chicago in the spring of 1907,

the capital stock of the L. P. Larson Company was $25,-
000.00. I believe I personally owned $5,000.00. It didn't
1386 go out of business much in advance of that, only clean-
ing up. It didn't own any real estate at anytime. The
premises it occupied, it occupied as a lessee. The L. P.
Larson Company of Fremont, Nebraska, was wound up
when the State went dry, May 1, 1915. When I was last
employed by the L. P. Larson Company of Fremont, Ne-
(2418) braska, I was earning $250.00 a month. I just got
1387 married when I left there. I had been earning $250.00
a month since I was twenty years old. When I first
started, my salary was about $200.00 a month and then
I got $250.00 at the time I got married and had been earn-
ing that for several years.

At the time the L. P. Larson Company went out of
business, I don't know that I had other than a Five
1388 Thousand Dollar stock interest in the Corporation of
$25,000.00 which was worth a good many times that be-
cause it was a family corporation, but I owed my father
a large sum of money which on the clean-up I was more in
debt to him than I had coming and I left it entirely in his
hands to clean the matter up and I still owe him money.
I first borrowed from my father when I started in the
gum business. In view of my indebtedness to my father,
I would say my interest in the stock of the L. P. Larson
Company was fairly worth $50,000.00. The L. P. Larson
Company was a family affair. The members of my family
1389 were my father, my brother-in-law, John C. Hein, my
sister, Mrs. John C. Hein, and my sister, Mrs. Otto Pohl.
After I moved to Chicago I left my interests out there in
my father's hands. He was my father and I was satis-
fied with the money he was furnishing me to let him
handle all the interests out there that I was connected
with. Practically the only interest of any consequence
was the L. P. Larson Company. My other interests were
1390 not of any consequence. There was nothing, only where
(2419) I was a director or some officer in different corpora-
tions out there that I didn't have any stock interest in to
amount to anything. The time I came to Chicago I per-
sonally owned stock in the Fremont Real Estate Com-
pany. I owned some stock in that company to qualify
me as a director. That was put in my name, by my father
for that purpose only. I had no financial interest in that
company at the time I came to Chicago. My father had

some interests at stake and whatever he would accumulate in his business I hope some day to have an interest in.

1391 At the time I came to Chicago, I would say I was worth about $50,000.00, and my assets you asked me about would be to the extent of credits that I could get fully another $200,000.00.

(Motion by counsel for the William Wrigley Jr. Company to strike out the testimony with respect to the credits the witness could get, was overruled).

1392 I do not mean that people owed me $200,000.00 at the time I came to Chicago. I had applied for credits amounting to $200,000.00 before I came to Chicago. I asked that of Emil Brandies, Omaha, Nebraska, but he did not lend it, nor did I ever borrow any money from him. He went down on the Titanic. I asked him for that credit when he first say my Peptomint package in 1911.

(2420) Counsel for the Wm. Wrigley Jr. Company again moved to strike out the testimony that the witness had a credit of $200,000.00 but the motion was denied).

1393 Emil Brandeis had a large department store and other interests. He was not related to me or to any member of the family. He had known me from a kid up. I had no business in common with him, except I traded at his place of business from time to time. He never lent me any money.

The Fifty Thousand Dollar assets which I had at the time I came to Chicago consisted of the interest that my father had in hand of mine, the interest my father had charge of.

1394 (Motion was made by counsel for the Wm. Wrigley Jr. Company to strike out the testimony about the interest the witness' father had in hand, but the motion was overruled).

I didn't own any bonds when I came to Chicago. I owned only stock. I don't know of any stock outside of the stock in the liquor business, only what he had purchased for each one of the children and kept in trust for us. I can't tell anything more about the assets I owned at the time I came to Chicago than I have mentioned. At the time I came to Chicago I had an interest in mining stocks, I don't know how much I owned at that time. I

(2421) suppose I spent in the neighborhood of Ten to Fifteen

Thousand Dollars in mining stocks while in Fremont, Nebraska, from 1900 to 1906 and 1907. They had a value at the time I came to Chicago, but I don't know how much. They paid dividends before I came to Chicago and after I came to Chicago. I guess I have got all those mining
1396 stocks yet. They haven't any value that I consider to be worth much. I would say they are practically valueless.

Some of those mining stocks were in my father's possession and others were in my own possession at the time I came to Chicago. At the time I came to Chicago I had no other stocks than I have told about.

When I said I was worth $50,000.00 in stock when I came to Chicago, I meant the $5,000.00 worth of stock in the L. P. Larson Company was worth $50,000.00 and a whole lot more. The assets of the L. P. Larson Company were distributed when the State went dry in 1915. When
1397 I came to Chicago I left the $5,000.00 par value stock in that company with my father. It never got out of his possession and it still is in his hands. It stands of record in my father's name. I endorsed the stock to him for securing the money he had advanced me to further the gum business. He first made an advance to me for the gum and vending machine business in 1908 after I came to Chicago. My father had the stock in his possession all the time, but later I endorsed it and turned it over to him
(2422) as security when in 1908 after I came to Chicago he loaned me some money for the gum business. The stock
1398 was in his possession when I came to Chicago, but it had not been endorsed over to him before I left Fremont. I don't know how much was paid on each distributive share on that L. P. Larson Company stock when the concern went out of business, as I have gotten a large sum of money from him, and being my father, I left it in his charge. I received a large sum of money from my father personally.

In making that statement, I am not referring to any company having received a large sum of money from my father. The L. P. Larson Jr. Company was not the same company as the L. P. Larson Company of Fremont. I never knew of any stock being sold in the L. P. Larson
1399 Company by anybody.

(The witness was then asked as to the amount of the first loan that his father had made to him and on account

of which he had transferred his $5,000.00 of stock in that company to his father as security. Counsel for the L. P. Larson Jr. Company objected to this question, but the objection was overruled).

1400 I believe the first amount of money which my father loaned me on account of which I transferred my stock in the L. P. Larson Company as security was $15,000.00.
(2423) He either loaned it to me or went security for me at the Continental Bank. I told him at the time that he ought to have, notwithstanding that I was his son, that he ought to have security for it, and I believe that was the time that I signed over the stock to the best of my recollection. The idea of securing my father came from me and not from him. That was not the first loan I had made from him. I did not turn over the entire $5,000.00 par value of stock to my father at the time I got that $15,000.00 loan. He had it. When I got the $15,000.00 loan he had the stock and I remember that at the time I got this amount of money I assigned the stock to him, but he made out the notes that I got the money from him on and I didn't keep any record of it.

1401 I didn't owe my father any money at the time I left Fremont to come to Chicago in the spring of 1907. The date of the first loan of $15,000.00 was about the time when I started in on my Peptomint gum business, or maybe prior to that. That was prior to starting the Peptomint business. It was prior to 1910 or 1911. When I talk about the Peptomint business, I refer to the chewing gum business of the L. P. Larson Jr. Company. That
1402 business was started in 1911. I can't say that this $15,000.00 was loaned to me in 1911. I got the $15,000.00 when I assigned the stock certificates. The loan was made to me personally. I don't remember whether I
(2424) personally gave my father a note for that amount at that time. No note was given by the corporation. My father never made any loan to any corporation that I was interested in after I came to Chicago in 1907, but all his loans were made to me personally. I would say that the aggregate of the loans that my father made to me after I came to Chicago was in round numbers about sixty to sixty-five thousand dollars. I cannot give you the date
1403 of those different loans. No part of those loans has been paid except through liquidation of the L. P. Larson Company of Fremont, Nebraska. I don't know how much

was credited to my loans from my father on account of the liquidation of L. P. Larson Company. I don't know what was the distibutive share of the $5,000.00 interest that I had in the L. P. Larson Company when it was liquidated, only it was considerable less than what the Company was worth on account of the good will going to pieces. The customers of the L. P. Larson Company were scattered throughout Nebraska, Iowa and South and North Dakota.

(The witness was then asked where the customers were located principally. To this question an objection was made on the ground of the immateriality and irrelevancy and the objection was sustained.

(2425) (The witness was then asked whether it wasn't a fact that the persons who owed the L. P. Larson Company principally for the liquors bought were Nebraska people, and to this an objection was also made, which objection was sustained).

1404 I never learned from my father what the distributive share on account of the $5,000.00 par value stock in his liquor company was. It was less than the amount I owed my father.

(The witness was then asked whether he had not testified a few minutes before that this indebtedness to his father was considerably less than the amount paid on the $5,000.00 stock in the company at the time of its liquidation, to which question there was an objection which was sustained.

1405 The witness was then asked whether he ever gave his father any surety for any debt that he owed him besides this $5,000.00 stock in his Company. The witness answered: "Money that I borrowed at the banks here that he gave me credit at I gave him my stock of the L. P. Larson Jr. Company as security for."

A motion was made by counsel for the Wm. Wrigley Jr. Company that the answer be stricken out except so

(2426) much of it as said he gave his father stock in the L. P. Larson Jr. Company as security. The motion was overruled).

When I say my father got money for me from the banks in Chicago, I mean he got me a letter of credit at banks in Chicago. That is the Continental and Com-

1406 mercial National Bank, and the National Bank of the

Republic and the Mechanics and Traders State Bank. That is all.

I want to correct my testimony where I said I thought the State of Nebraska went dry May 1, 1915. Upon looking it up I find it was 1916 the question was voted on there and that the State went dry, retail liquor stores were closed May 1, 1917.

(The witness was allowed over the objection of counsel for the L. P. Larson Jr. Company to state what he meant when he said his father gave him credit at the Mechanics and Traders State Bank and the National Bank of the Republic and the Continental and Commercial National Bank).

1407 Well, he gave me a letter of credit to the Continental Bank for $25,000.00, he gave me a letter of credit to the Mechanics and Traders State Bank for $25,000.00, and arranged with the National Bank of the Republic any time that I wanted to go in there that I could. There was no letter of credit at the National Bank of the Repub-
(2427) lic. My father and I went to the National Bank of the Republic and saw Mr. Lynch, the President of the Bank, and he told me I could have any amount of credit my father would endorse. I don't remember any figures.

1408 (The witness was then asked when he got the $25,000.00 letter of credit at the Mechanics and Traders State Bank, to which an objection was made on the ground that it was not material to any question pending before the Master or that the Master had to decide on the decree. The objection was overruled).

I believe it was in the spring of 1914. In the spring of 1914 I had a letter of credit from the Mechanics and Traders State Bank whereby they authorized me to draw against it or any of its correspondents up to $25,000.00. My father brought that about. The letter of credit was issued to me personally and not to any company. My father procured the $25,000.00 letter of credit from the Continental and Commercial National Bank along in 1911
1409 and 1912. The letter of credit on the Continental and Commercial Bank was issued to me personally, and not to my corporation. That letter of credit was changed and canceled and sent to my father some time ago. That is, within the last three or four years, and a new letter of credit was given me instead. I don't remember the
(2428) amount of the new letter of credit. It was for less

than $25,000.00, either fifteen or twenty thousand dollars, to my best recollection. I know it was not more than
1410 $25,000.00. I don't know whether those were the only two letters of credit that my father ever procured for me at the Continental and Commercial Bank.

(The witness was then asked whether there were any other letters of credit that his father had procured for him from the Continental and Commercial National Bank than the two referred to. The witness answered that outside of those two letters of credit there had been purchases made that his father gave the bank to understand he was back of the witness on. A motion was made to strike the answer from the record on the ground it was not responsive to the question. The motion was overruled).

I suppose the second letter of credit that was issued by the Continental and Commercial National Bank is at the Bank. I returned it when I borrowed money, and then when I paid the amount back, why, I still left the letter of credit there. My dealings were principally with Mr. Ralph Van Vechten at the Continental and Commercial National Bank. The letter of credit issued by the Mechanics and Traders State Bank is at the Bank. This
1411 letter of credit, as I have made mention of it, is a line
(2429) of credit. It is a letter printed up in form that my father signed and it is often mentioned as a letter of credit. It is in the form that my father signed and sent to the Continental and Commercial National Bank. The Continental and Commercial National Bank furnishes the form and my father wrote in there, "Extend L. P. Larson Jr. a line of credit up and to $25,000.00" he wrote that in there and then signed it.

In my testimony respecting letters of credit which I said my father procured for me at the Mechanics and State Bank and the Continental and Commercial National Bank, I referred to nothing except the letters written by my father to those two banks of the general scope that I have just described, and whatever letter he may have written to them personally enclosing the letter of credit.
1412 By the term "letter of credit" I mean nothing more than a simple—request on the part of my father to the bank to trust me up to and including the amount stated in that letter sent by my father to the bank and that my faher would see the bank was paid. These requests to the

banks were requests by my father to extend credit to me, and my father made no request to the bank to extend credit to any company or corporation that I was connected with.

The capital stock of the Zulu Manufacturing Company
1413 was $100,000.00 and was originally incorporated in 1908. Its original stock was ten or fifteen thousand dollars.
(2430) The corporation discontinued business December 31, 1912. It continued business from the time it was incorporated, from 1908 until December 31, 1912. The capital stock when it went out of business was $100,000.00.
1413 I do not know when its original capital of ten or fifteen thousand dollars was increased to $100,000.00. I believe I was one of its incorporators. The original incorporators were George I. Haight and a man by the name of Brown. I don't remember how much of the original capital stock of the Zulu Manufacturing Company I subscribed for. My recollection is it was for the larger portion. Brown subscribed for one share and Haight subscribed for one share. I think I subscribed for the entire capital stock except two shares. Each share of stock had a par value of $10.00. I believe I subscribed for all but twenty dollars of the original capital stock of that company. Brown was an attorney. Haight was an at-
1415 torney. They were the attorney who were supposed to be looking after my legal affairs at that time and they incorporated the company for me, and I believe they subscribed for the two shares purely as a matter of convenience so as to have three persons who could act as directors. I don't remember who were the first Board of Directors. I was on the Board, president of the Company and General Manager from the time it was organized in 1908 until it discontinued business in December, 1912. I did not own all of the stock of that Company during the
(2431) entire time, excepting the two shares, that the lawyers owned. I did not sell any of the original stock, but I traded some of the stock for an interest that a man had in the patents in the vending machines. When the Zulu Manufacturing Company was first organized in 1908, I
1416 turned over some of my stock in it to some one who owned some patents for making gum and match vending machines and then I turned those patents over to the Company. I don't remember how much stock I turned over for those patents. The books of the Zulu Manufac-

turing Company would show that. None of those records have been burned or destroyed or disappeared that I know of.

When the Zulu Manufacturing Company started in business in 1908, it assets consisted of a large stock of vending machines and tools and dies and cash on hand. They got the cash from me. I don't remember how much cash I put into that Company when it was first organized.
1417 It was not any $50,000.00 nor as much as $20,000.00. I would say it was about what the capital stock was worth, $10,000.00. I don't know if I got that money from the bank or if I had it on hand myself or if I got it from my father. I have had money at the banks here myself. I had a personal bank account. I can't give any better information as to how much cash the Zulu Manufactur-
1418 ing Company started with. I don't remember whether I paid the Company in cash for all of the stock which
(2432) I got from it at the time it was organized. I followed the laws as my attorneys told me I had to do.

At the time the Zulu Manufacturing Company was organized, I had a large interest in the tools and dies and vending machines that we had purchased. I don't remember the name of the concern we purchased it from. By "we", I mean the man associated with me, Charles T. Frantz. Mr. Frantz became associated in my business at the time I had charge of the Universal Type Making Machine Company.

(The witness was then asked what was the first business enterprise that he and Mr. Frantz entered upon, to
1419 which an objection was made by counsel for the L. P. Larson Jr. Company, and the objection was overruled.)

The first business enterprise I had with Mr. Frantz was in the vending machine business, in the spring of 1908. That was the first business I got into after I got out of the Universal Type Making Machine Company. Mr. Frantz and myself did not form a partnership then. Mr. Frantz was not already in the business. I don't know what he was doing while I was associated with the Universal Type Making Machine Company. Before he and I went together, he had been in the business of manufacturing vending machines and manufacturing chewing
(2433) gum. I want to correct myself. The manufacturing of chewing gum by Mr. Frantz was the selling of chewing gum. I did not know Mr. Frantz over two weeks before

1420 I went into my first deal with him. The first business transaction I had with Mr. Frantz was when I gave him one-third, as I remember it, in the vending machine business for promoting it. Mr. Frantz promoted the Zulu Manufacturing Company, the manufacturing end of the Zulu Manufacturing Company. He was the promoter of the manufacturing end. He and I did not confer about going into business together before the Zulu Manufacturing Company was incorporated in 1908, except that right before that time when I had bought this stock of vending machines and he told me about that I could purchase these vending machines and the tools and dies and that he knew the business and that if I would organize a corporation and give him an interest in it, that he would take charge of the manufacturing end and that I could take
1421 charge of the selling end and for that I gave him an interest. After I had been in the Universal Type Making Machine Company for some months, I concluded it could not be successfully carried on, and to get out of it and to go into some other line of business.

Mr. Frantz called on me one day and asked me if I would manufacture these machines and I told him we were not manufacturing, only our own machines, and
(2434) during the conversation he interested me in the possibility of this machine, and, as I stated before, he advised me where this stock could be purchased and that he didn't have anything to do at the present time and that he would take over the manufacturing end provided I could finance it. Thereupon I purchased the tools and dies and the vending machines and organized the Zulu Manufacturing Company by his attorney, Mr. George I. Haight, and after the company was organized to the best of my recollection I gave Mr. Frantz one-third interest in a $10,000.00 corporation to take charge of the manufacturing end and I retained two-thirds of it for the financing and selling end of it. That Company was the Zulu Manufacturing Company.

1422 Frantz was not a man of means at that time that I know of. Mr. Frantz drew my attention to the stock of vending machines and dies and tools for making vending machines as something he thought I could purchase. There was a stock of gum at Enswingers. I don't know how to spell that, Enswingers Gum Factory in Chicago. The name of the concern was the Ripe Fruit Gum Com-

pany. The Ripe Fruit Gum Company did not have any vending machines. I don't remember the concern that had the vending machines. It wasn't the concern up in Minneapolis that I spoke about before. It was a concern
1423 in Chicago. I bought the stock of vending machines. I
(2435) don't remember how much I paid for it. I can tell you within $10,000.00. It was not $10,000.00 nor more than $10,000.00. We bought gum from time to time from the Ripe Fruit Gum Company. At the time the Zulu Manufacturing Company was first incorporated there was turned in to that Company in consideration of its $10,000.00 capital stock tools and dies and vending ma-
1424 chines and what cash I put up. The organization of the Company was handled by the attorneys and they knew that I had this stock of tools and dies and vending machines to be turned in to the corporation and that Mr. Frantz was to have one-third of that stock. Now, that is all I remember.

The value of the vending machines and things that were turned over to the Zulu Manufacturing Company and for which it issued its capital stock was worth several thousand dollars. I don't remember how much I paid for it. I don't know where I got the money I used to pay for it. I had money in the Continental and Commercial Bank, a personal account, and have had a personal account there ever since. I have had personal bank accounts at other banks since I have been in Chicago.

1425 The Zulu Manufacturing Company was incorporated in 1908 and was an active business during all of the time from 1908 when it was incorporated until December 31, 1912. In December, 1912, the L. P. Larson Jr. Company took over the assets of the Zulu Manufacturing Company
(2436) and the manufacturing of chewing gum. Those as-
1426 sets consisted of accounts receivable, bills receivable, extra stock, vending machines, gum, cartons, boxes and all of the things that go to make up a manufacturing business, and a gum factory. In other words, all of the property and all of the assets of the Zulu Manufacturing Company were transferred on December 31, 1912, to the L. P. Larson Jr. Company. I don't remember just how the transfer of the assets was handled. It was handled by our attorneys whereby I got stock in the L. P. Larson Jr. Company for the assets or for the interests that I had in the Zulu Manufacturing Company. I don't remember

how much stock in the L. P. Larson Jr. Company I received for my interest in the Zulu Manufacturing Company. I think the books and records of the Zulu Manufacturing Company and the L. P. Larson Jr. Company will give that information accurately, although the trans-
1427 action was not done by me personally, it was done by the attorneys. The attorneys looked after the legal method of bringing about the transfer of all the property of the Zulu Manufacturing Company to the L. P. Larson Jr. Company. To the best of my knowledge, those books and records of the Zulu Manufacturing Company and the L. P. Larson Jr. Company are still in existence.

The L. P. Larson Jr. Company was incorporated in July, 1911. I was the principal incorporator. I don't remember who the others were. The capital stock of the
(2437) L. P. Larson Jr. Company that was originally issued amounted to $2500.00. I was the first subscriber. I don't
1428 remember who the others were. I subscribed for pretty near all of the capital stock. I don't know how many shares were subscribed for. When the L. P. Larson Jr. Company was organized by persons other than myself. It is a matter that my attorneys handled for me, and I told them what I wanted, and they did the organizing and handling of it. I think George I. Haight organized the L. P. Larson Jr. Company in July, 1911. He was the same lawyer that organized the Zulu Manufacturing Company.

I don't remember who the original stockholders of the L. P. Larson Jr. Company were. It was a small corporation to start with of $2500.00. I don't remember whether all the stock was issued at the time the Company was organized. I understood I had to pay par for the stock
1429 and it was handled that way. To the best of my recollection I paid par for it to the Company and paid it in cash. I think I paid cash for it. I understood that all the stock subscribed for should be paid for in full and I subscribed for it and whatever I subscribed for I paid for. I don't remember whether that money to pay for that stock was loaned to me by my father or by someone else. I think I must have had it on hand. The amount
(2438) of $2500.00 was not a matter of twenty-five or thirty thousand dollars that I needed backing for. I could go to any of these banks and get a little amount of money

like that. I don't remember whether I borrowed it or had it on hand.

1430 The authorized capital stock of the L. P. Larson Jr. Company is now $250,000.00. When the L. P. Larson Jr. Company was first organized I purchased some gum machinery up in Minneapolis to increase the gum plant with out of my own money and to the best of my recollection I turned that directly over to the L. P. Larson Jr. Company, but I won't say as to that. I didn't look up the records to see when the L. P. Larson Jr. Company first began to manufacture gum, but I did talk to a man that would have a knowledge of that and he told me that it was about January 1, 1913, that L. P. Larson Jr. Company themselves undertook to manufacture gum. I don't think our books would show the exact date, other than that the L. P. Larson Jr. Company absorbed the gum factory of the Zulu Manufacturing Company January 1, 1913, and for that reason I believe that the manufacturing started at that period.

1431 The first brand of gum ever handled by the L. P. Larson Jr. Company in any way was Peptomint Chewing Gum. The Zulu Manufacturing Company manufactured (2439) that Peptomint Chewing Gum. The date was in the early fall of 1911.

(The witness was then asked whether the L. P. Larson Jr. Company had engaged in the manufacture of any other kind of gum before it acquired the property of the Zulu Manufacturing Company. This question was objected to by counsel for the L. P. Larson Jr. Company on the ground it had been asked of the witness before and answered. The objection was overruled.)

The L. P. Larson Jr. Company had not engaged in the manufacture of any other kind of gum before it acquired the property of the Zulu Manufacturing Company, only there was the plant that either the L. P. Larson Jr. Company or L. P. Larson Jr. purchased over on Michigan Avenue and some other street along the lake, that we were manufacturing Peptomint gum over there. By "we" I mean the L. P. Larson Jr. Company. There was a small gum plant over there and a man that was started up manufacturing another kind of gum and we, that is, the L. P. Larson Jr. Company, had some Peptomint gum and he didn't go broke but he manufactured some gum for us over there and we took over that plant. Now,

whether or not that was myself personally or the L. P. Larson Jr. Company, I don't know which, but anyway
(2440) that plant got into the L. P. Larson Jr. Company
1432 later on. That plant must have first got into the L. P. Larson Jr. Company about 1911 or 1912. I don't remember the man from whom that Michigan Avenue plant was bought. He came here from California, as I remember. As I remember, there was something around twelve or thirteen hundred dollars paid for it. The money was either mine or the L. P. Larson Jr. Company. I have an idea that I personally operated that plant for a very short period. The plant was not convenient for making chewing gum, but I wanted the machinery. I moved the
1433 machinery over to the L. P. Larson Jr. Company plant. I purchased the plant from the owner and I believe I personally paid the owner. I don't remember whether it was out of my own money or out of the L. P. Larson Jr. Company money. The Zulu Manufacturing Company may have had something to do with that plant, but I don't remember. The plant was located between the river and Randolph Street on one of those side streets. The building was on Michigan Avenue, but the gum factory was in the back part of the building. The building was on the east side of Michigan Avenue. I don't recall the name of the man that sold it. I do not know what brand of gum he was making.

Prior to January 1, 1913, the L. P. Larson Jr. Com-
1434 pany's line of business was selling of Peptomint gum, until it was stopped by the Wm. Wrigley Jr. Company.
(2441) The L. P. Larson Jr. Company did not manufacture Peptomint gum. It was manufactured by the Zulu Manufacturing Company. There was an arrangements whereby the Zulu Manufacturing Company was to manufacture the gum for the L. P. Larson Jr. Company at a price. The stockholders of the two companies between July, 1911 and January 1, 1913, were the same. During that time, the relative proportions of my stock in the two companies were the same. I have the stock books of both companies. They will show the exact facts. From the time the L. P. Larson Jr. Company was organized in July, 1911, to January 1, 1913, I owned practically all of its stock. As I understand it was necessary to have
1435 certain stock required by law to have two other stockholders, otherwise I owned all the stock. I did not own

all of the stock except possibly two shares in the Zulu Manufacturing Company and also in the L. P. Larson Jr. Company from July 1911 until at least January 1, 1913. As I heretofore stated, Mr. Frantz got one-third interest in the Zulu Manufacturing Company, or $3,333.00 worth of stock for taking over and promoting the manufacturing end. Mr. Frantz did not have any interest in the L. P. Larson Jr. Company between July, 1911, and January 1, 1913. I bought Mr. Frantz out prior to July, 1911.

1436 I did not own all but about two shares of the stock
(2442) of the Zulu Manufacturing Company between July, 1911, and January 1, 1913. After Mr. Frantz stepped out, I had Mr. E. J. Gutgsell come in, and he got an interest in the corporation. I believe he had a Five Thousand Dollar interest in the $100,000.00 Zulu Manufacturing Company corporation. He acquired that interest after July, 1911, and before January 1, 1913. Gutgsell had an interest in the L. P. Larson Jr. Company at some time between July, 1911, and January 1, 1913. He had just enough interest to be represented. He didn't have the same per cent. of stock or interest in the L. P. Larson Jr. Company between July, 1911, and January 1, 1913, that he held during that period of time in the Zulu Manu-
1437 facturing Company. During that period of time I believe I had the same proportion of stock in both of those companies, because we increased the L. P. Larson Jr. Company from $2500.00 to $100,000.00. That increase was in 1912, I think, in the fall. There were new assets put into the L. P. Larson Jr. Company at the time the stock was increased in 1912 from $2500.00 to $100,000.00. Those assets were all the Zulu Manufacturing Company interests. That was turned over on December 31, 1912, or January 1, 1913. I think there was an inventory of
1438 the assets turned over by the Zulu Manufacturing Company to the L. P. Larson Jr. Company on January 1,
(2443) 1913. I don't think that inventory has been preserved. I should think the books and records would show it, though. It must be shown on the books, but whether the inventory showing the stock taken, which is generally taken on a tablet form of paper, whether or not that has been preserved, I cannot say, but the item as to the transaction must certainly be on the books.

To the best of my knowledge, between July 1911 and

January 1, 1913, eliminating the one or two shares that may have been held by lawyers or directors Gutgsell and myself owned all the stock of the Zulu Manufacturing
1439 Company. During that same period of time Mr. Gutgsell owned only some nominal amount of stock in the L. P. Larson Jr. Company. Between July 1911, when the L. P. Larson Jr. Company was incorporated and the fall of 1912, when its capital stock was increased from twenty-five hundred to one hundred thousand dollars, the only man that I can remember who owned stock in the L. P. Larson Jr. Company besides myself was E. J. Gutgsell, unless it was a share or tw oowned by an attorney. Eliminating the share or two owned by an attorney, Gutgsell owned stock in the L. P. Larson Jr. Company between July, 1911, when it was incorporated and up to the time the stock was increased to $100,000.00. It was
1440 a very small proportion that he owned. I don't remember whether it was the same proportion that he held in the Zulu Manufacturing Company. I can't tell whether
(2444) my interest in both companies was the same proportion between July 1911 and the Fall of 1912, because Mr. Gutgsell came in after Mr. Frantz had turned his stock back of the Zulu Manufacturing Company for which a stock arrangement was made with him. Mr. Frantz turned back the full amount of $3,333.00 of stock which he had in the Zulu Manufacturing Company, either to the Zulu Manufacturing Company or me. He got dollar for dollar, that is, $3,300.00. That was not the time when the assets of the Zulu Manufacturing Company were turned over to the L. P. Larson Jr. Company. That was the time where we consolidated with the Illinois Vending Company that had a vending machine business. I just
1441 happened to think of that. The Illinois Vending Machine Company and the Zulu Manufacturing Company consolidated and Mr. Frantz upon that consolidation was paid $3,333.00 for his stock or maybe a little more and I remained in the corporation and later on I purchased the interest of the other people. I took the whole business over again. The Illinois Vending Machine Company was an Illinois corporation, I believe. I don't think it is still in existence. It must have been consolidated with the Zulu Manufacturing Company about 1910. At the time of the consolidation, John Gaffney and Roy E. Camare both owned stock in the Illinois Vending Company. I

don't exactly remember the transaction whereby the
(2445) Illinois Vending Company was consolidated with the Zulu Manufacturing Company. I would have to refresh my memory as to whether I was a stockholder or interested in the Illinois Vending Company before its con-
1442 solidation. I could refresh my memory by getting in touch with Mr. Gaffney or Mr. Camare. It was a working interest, that they get into the proposition by putting in so much cash into this new organization of the Illinois Vending Company and the Zulu Manufacturing Company. The Zulu Manufacturing Company had been in business about two years before that consolidation took place. I don't know whether the books of the Zulu Manufacturing Company will show that transaction or not. I remember now the books were transferred from our company out to the real estate company of Mr. Roy E. Camare. That is, all of the books of the Zulu Manufacturing Company. I mean that all the books were taken away from the office of the Zulu Manufacturing Company and sent out to the real estate office. I had forgotten about that. The books were kept at that real estate office for several months and then were brought back to
1443 the office of the Zulu Manufacturing Company. There was some dispute about the books coming back, and all the records didn't come back. I don't remember which records did come back. As to whether I can recall a single record that didn't come back, there were records
(2446) of handling vending machines and chewing gum vending machines which were not material to our chewing gum business. The corporate records of the Zulu Manufacturing Company were taken out to this real estate office, as Mr. Camare was the treasurer of the Zulu Manufacturing Company at that time. They were not returned. There was a dispute about certain records not being returned. I don't remember what records, but only
1444 I remember we made a claim for certain records that they did not return. I made the claim to John Gaffney and to Mr. Camare who were associated in the Illinois Vending Machine Company. I think those men are still living. I do not know where.

I was the sole owner of the Zulu Manufacturing Company, but that transaction I forgot all about. I have tried to tell the truth and I don't care to change a bit of my testimony because of my now remembering about the

Illinois Vending Company. I believe the Illinois Vending Company was about the same sized concern as the
1445 Zulu Manufacturing Company was at that time. That was about $10,000.00. There was a large stock of merchandise, of machines that we had on our floor that this salesman, John Gaffney, the Manager of the Illinois Vending Machine Company said to me: "Larson, I can sell this stuff for you and look at the business we are doing." And I said, "All right, John, we will make an
(2447) arrangement and get together", and what the arrangement was I don't know. It resulted in the Illinois Vending Company taking full charge of all the business They took active charge of the vending machine business. As to the assets, the Illinois Vending Company had only the selling end to a match machine. They didn't have any property, any bills receivable, or anything of value
1446 that I know of. It was a corporation. They had a very large sale on vending machines, match vending machines, and they claimed that they could build a large business on our machines. As to the arrangement we made with them, we had so many machines on the floor and they were to have a certain interest in the general wind-up of the proposition for paying in so much money. It was a mixed up transaction. The Zulu Manufacturing Company was to have its affairs wound up at that time if this proposition was carried out. I could not say that the business of the Zulu Manufacturing Company was not prosperous at that time. It was a lack of selling the stock. In some ways it was prosperous.

As to what the Illinois Vending Company or Roy Camare or John Gaffney were to get in this so-called
1447 consolidation, they were to receive an interest in the new corporation that was organized to take over the two corporations. I believe that a corporation was organized
(2448) to take over the two corporations. That company was not the L. P. Larson Jr. Company. I don't remember the name of it. There was a corporation organized to take over the Zulu Manufacturing Company and the Illinois Vending Company. There was an attempt to carry out that plan, but it never went through. I speak of this because there was a period there that I didn't own as much stock in the Zulu Manufacturing Company as I did after I got the company back again. I believe it was John Gaffney and Roy E. Camare that owned the

stock in the Zulu Manufacturing Company during the period which I didn't own. These two men got some
1448 stock in the Zulu Manufacturing Company at the time of this consolidation, which stock I purchased back from them. My best recollection is that they each got one-third and I retained one-third. These men kept a third of the Zulu Manufacturing Company stock for just a few months. That was the time Mr. Frantz stepped out and before Mr. Gutgsell came with me. After Frantz had had a third interest in the Zulu Manufacturing Company and stepped out, Camare and Gaffney stepped in and I gave each of them a third of the stock in the Zulu Manufacturing Company. They each paid me $15,000.00 for that Zulu Manufacturing Company stock. I think that
1449 was the amount in cash and notes. I am confused on those figures. It may be that I got a total of $15,000.00
(2449) for the two-thirds interest. That was back in 1910. That was not a large transaction. I don't remember how much cash I got out of that deal and how much in notes. I believe in 1910 was the time when I got that plant on the street near Michigan Avenue and started to manufacture chewing gum. I think I was interested in that, at the same time they were attending to the vending machines I was starting to manufacture chewing gum.
(2450) By "I", I mean myself. To the best of my recollec-
1449 tion that so-called consolidation of the Illinois Vending
1450 Company took place in 1910. About the same period I bought this Michigan Avenue plant from someone whose name I don't remember. I personally operated the Michigan Avenue plant just a few months. L. P. Larson Jr. Company first began to manufacture gum January 1, 1913. I am reasonably sure that the L. P. Larson Jr. Company did not manufacture any gum before that date. That company first began to do business of some kind in the early fall of 1911. The first business it did was the selling of chewing gum. Peptomint was the first
1451 brand of chewing gum that the L. P. Larson Jr. Company operated in. The Zulu Manufacturing Company was making that Peptomint chewing gum at that time. Camare and Gaffney retained their third interest each in the Zulu Manufacturing Company just a few months. This man, Gaffney, did not play the game square and the consolidation busted up on my taking the whole thing over. I paid them their money back less what the stock

had depreciated during that time. I don't remember how much the stock had depreciated. I last saw Mr. Camare
1452 when I gave him his money. I don't remember when I saw Gaffney last. I don't remember at all how much I paid back either to Camare or Gaffney. It was back in 1910. The books would not show what was paid them. It was a personal transaction. I don't remember just what the depreciation in the stock in those few months was. I can give no information on that subject. It was not an insignificant transaction to me at the time only I don't remember it. That's all. To the best of my recollection Gutgsell came in in the spring of 1911. It was
(2451) into the Zulu Manufacturing Company that he came
1453 in the spring of 1911. He got $5,000. worth of stock. I believe I gave him half the stock and I took his note for it. As to whether the company was in good financial condition at that time, we didn't owe anybody. We were not seeking any credit, but we had not any debts. Gutgsell paid par for the stock. We were I believe a $100,000 corporation at that time and he gave me notes which he paid off weekly or was supposed to pay off weekly. He paid part I suppose. I don't know just what he did do. When the L. P. Larson Company took over the assets of the Zulu Manufacturing Company, he acquired an interest in that corporation. I mean he gave up his shares
1454 in the Zulu Manufacturing Company and received in exchange therefor shares of stock in the L. P. Larson Jr. Company. That is, he didn't take L. P. Larson Jr. Company stock for Zulu Manufacturing Company stock. It was done in a legal way. I don't know how it was done. He retained enough stock in the Zulu Manufacturing Company to hold as an officer, one or two shares. I retained some stock in the Zulu Manufacturing Company at the time it sold out to the L. P. Larson Jr. Company. The stock of the Zulu Manufacturing Company was reduced from $100,000 to $5,000. I don't remember just when the Zulu Manufacturing Company increased its stock to $100,000. We increased it to promote the chew-
1455 ing gum business. I got practically all the increased shares of stock. I borrowed some of the money to put up for it. I don't remember just how much we paid for the additional stock, that is the increased stock, of the Zulu Manufacturing Company. My best recollection is that we paid dollar for dollar. I don't remember how many

(2452) additional shares of stock I got out of the Zulu Manufacturing Company when its stock was increased to $100,000. I don't know that we paid for all of the $90,000 increase of stock of the Zulu Manufacturing Company. I don't remember how much of the increase of $90,000 was paid in. I don't know how much I paid in. I don't think that anybody paid anything into the company for
1456 any part of that $90,000 increased capital stock. I don't remember how much of the increase of the $90,000. stock was issued to me. I can't remember as to whether it was ten thousand or twenty-five thousand or forty thousand or seventy-five thousand or what it was. I can look that up on the records and see how much stock I got. I will be glad to make a memorandum and get that information and report at the next session. I have made a memorandum to find out just exactly how much I paid the Zulu Manufacturing Company for the increased stock, showing the dates and the amounts of the payments. As to whether there were any other moneys put into the Zulu Manufacturing Company except what was put in originally when its initial capital stock of $10,000 was issued and the amounts which I put into it from time to time, I
1457 don't remember. I got the money for which I got some of the increased capital stock from my father. Some of it I borrowed at the banks. I don't remember how much I borrowed at the bank and how much I got from my father. I have no way of ascertaining. I have no personal records of that. After Camare and Gaffney went in and out again and Gutgsell came in, I continued to run the Zulu Manufacturing Company until 1913. Part of the business of that company was the chewing gum business. I testified that I did a business all over the
(2453) world on the vending machines and chewing gum. We were selling vending machines to a number of different countries, together with chewing gum and such like. The
1458 Zulu Manufacturing Company did not sell gum all over the world at any time. We did not sell any to Africa that I remember of. I don't remember particular that the Zulu Manufacturing Company ever sold any chewing gum to the West Indies. I believe it sold chewing gum in Alaska. I know that it sold gum to the countries adjacent to the United States like Cuba and Canada and South America. I don't know whether the Zulu Manufacturing Company sold any gum to Australia. The

books of the Zulu Manufacturing Company would show if it did. I believe the Zulu Manufacturing Company has sold gum in Canada. The books will show if it did. I will make a memorandum to examine the books and report definitely whether or not they made any sales at any
1459 time in Australia of any gum or in Canada, and if so, the dates, the quantities and the places. I don't know but what it may impose a whole lot of work on me in finding those records. I don't remember as to whether the Zulu Manufacturing Company paid any dividends on any of its stock in the years 1912, 1911, 1910 or 1909. I remember that the Zulu Manufacturing Company at some time paid a dividend on its stock. Those dividends were all paid out of the profits of the company. I don't remember when they were paid. I can't fix a single year. I don't remember how many dividends were ever paid. I don't remember the amount of the dividends ever paid.
1460 That has been many years ago and it is hard for me to remember and answer at all. That company discontinued business less than seven years ago. I don't remember
(2454) when we moved the stock that we purchased and organized the company. The first place of business occupied by the Zulu Manufacturing Company was a small place upon the present site of the Northwestern Station, the new Northwestern Station, I don't remember the number of it, and I believe from there we moved to 29 South Clinton Street. I mean the first place of business was somewhere near Madison and Canal Streets, just where we kept our stock before we organized. I believe the first place of business at which the Zulu Manufacturing Company first transacted its business was 29 South Clinton Street. I would say about 1908 was when
1461 it first occupied those premises. That company remained at 29 South Clinton Street up to the spring of 1913. The premises the Zulu Manufacturing Company first occupied at 29 South Clinton street was a space of about 15,000 square feet in a very large manufacturing building that different manufacturers were in. We had one large floor consisting of two different rooms. We first took one room and then increased it to two rooms.
1462 We occupied the first room a few months, and then our business increased so we had to take a little more space. The first room was about 6,000 square feet, about 60 by 100 feet would cover it. Then a few months after the

organization we took another room with about 9,000 square feet additional and ran both. After that the Zulu Manufacturing Company did not at any time increase its space. In 1913 the L. P. Larson Jr. Company took over the Zulu Manufacturing Company. The Zulu Manufacturing Company never increased its space more than once and that was when it took on the second room so that it
(2455) was occupying about 15,000 square feet in part of
1463 1908 or in 1909 or 1910 or in 1911 and 1912. It was a lessee of that property. It paid around $200 a month for the 15,000 square feet. About half of that space was used by the Zulu Manufacturing Company for either the manufacturing or the storing or the handling of either the match vending machines or gum vending machines at the beginning. There was a change in that respect for the first time when we started to manufacture our chewing gum. That was when the Zulu Manufacturing Company first began to manufacture chewing gum. It must have been in the period of 1909 or 1910, along in there, I don't know just exactly the year. The Zulu Manufacturing Company started in in a small way and gradually took on more and more space all the time for
1464 the manufacture of chewing gum. At the time the Zulu Manufacturing Company discontinued, it was occupying fully 10,000 square feet of the space for its chewing gum business. I don't know for how long a time it had been using that much space but we grew out of our space there and moved over and took a whole building on Sheldon and Carroll Avenue. That is the L. P. Larson Jr. Company took the whole building. My attention being drasn to the fact that Mr. Mayer's inquiries regarding the space occupied had reference only to the Zulu Manufacturing Company, I don't wish to correct any of my answers. The Zulu Manufacturing Company at the time it sold out to the L. P. Larson Jr. Company had in its
1465 employ about forty men and women. They were employed in the manufacturing and wrapping of chewing gum. Those forty men and women at the time we sold out to the L. P. Larson Jr. Company had only to do with the chewing gum branch of Zulu Manufacturing Company's business.

(2456) We had five or six men in the manufacturing of chewing gum and then we had about twenty-five or thirty girls wrapping the gum and then we had boys carrying the

gum to different departments. I wish to correct the statement as to the time we had forty people working and to answer the question directly as to the time when we had that many people working, we had at least forty or better than forty people working when the Wrigley Company got their injunction against us and we had to dis-
1466 charge employes. I don't remember how many employes the Zulu Manufacturing Company had in the chewing gum business at the time it sold out to the L. P. Larson Jr. Company but we were doing everything possible to push our business so we must have had at least thirty to thirty-five people. As to whether the business of the Zulu Manufacturing Company had grown or diminished in the year 1912, I don't remember how the sales were, but I believe they were on the increase. I
1467 believe the business of the L. P. Larson Jr. Company increased in 1912. I don't think L. P. Larson Jr. Company paid a cent to the Zulu Manufacturing Company. I don't believe that I ever said the Zulu Manufacturing Company paid anything to the L. P. Larson Jr. Company or the L. P. Larson Jr. Company ever paid the Zulu Manufacturing Company, but that this transaction was made by me individually as my attorney told me, and we bought the assets of the Zulu Manufacturing Company. As to whom I mean by "we", I may say that I bought the assets of the Zulu Manufacturing Company and then acquired an interest in the L. P. Larson Jr. Company for these assets. I did say that the L. P. Larson Jr. Company succeeded about January 1,
(2457) 1913 to the property and assets and business of the
1468 Zulu Manufacturing Company. There was never any direct transaction between the two companies. It was done through a third party. After the Zulu Manufacturing Company discontinued business, the L. P. Larson Jr. Company continued it, so that the L. P. Larson Jr. Company thereafter had the property and assets which theretofore had belonged to the Zulu Manufacturing Company. I understand the question asked me as to what, if anything, the Zulu Manufacturing Company or any of the stockholders received in consideration of the Zulu Manufacturing Company parting with all of its business and assets and the acquisition thereof by the L. P. Larson Jr. Company,—only that if I will have to make a report in case that I personally took over the

assets of the Zulu Manufacturing Company and what that consideration was and whether or not I will have to bring the figures of what I received from the L. P. Larson Jr. Company for it. In other words, the L. P. Larson
1469 Jr. Company about January 1, 1913 became the owner of property and a business which theretofore had been owned by the Zulu Manufacturing Company. I will try to get the information in the morning as to what the Zulu Manufacturing Company received for surrendering its property. The L. P. Larson Jr. Company was not acting as agent of the Zulu Manufacturing Company from July, 1911 when it was incorporated up to the time about January 1, 1913, when it took over the business of the Zulu Manufacturing Company.

1470 April 22, 1919.
10:30 O'clock A. M.

I have as much of the information as I was requested at the hearing yesterday to procure as I could possibly get hold of. I would like to make an explanation. Yes-
(2458) terday there were questions put before me that were
1470 ten and eleven years back and it was hard for me to recollect right on the spur of the moment, as my attorney requested me to answer the questions as quickly as possible and correctly which I did to the best of my recollection, but I find that I did not make a full explanation when you asked me in regard to meeting Mr. Frantz. I met him in the spring of 1908 and he came into my factory and showed me a vending machine and asked me if I could manufacture this machine. I told him we were not manufacturing any machines on the outside and he asked me if I would arrange to have the machines built
1471 for him as he could procure a large stock of tools and dies and stock of merchandise to build these vending machines that a former concern had spent upwards of $50,000 on. I therepon took a small machine he had and went to a large concern organized here in Chicago, in the City of Chicago, and showed them this machine, and they told me there was a large demand for these machines, and if I could make them a price where they could market this machine, they would undertake to handle it. I thereupon spent the evening with him and they gave me a conditional order for a thousand machines for

$3.75 a piece. Therefore I looked into the manufacturing of these machines and found that I could have them made for $1.25. Upon that information I purchased the tools and dies and stock of vending machines and started to make delivery on the orders that they had given me. Whereupon, after this order had been fulfilled, they gave me an order for 5,000 more machines at a less price of $2.75, these machines having partly been contracted for $1.25 and we also manufacturing some. When I said "we" I was referring to the Zulu Manufacturing Com-
(2459) pany. The Zulu Manufacturing Company had contracted for its output on the match vending machines and then further contracted with other parties for large numbers of these machines, the gum vending machines. So,
1472 looking up my records, I found where we had sold these machines to the people that contracted for them, and where I had the idea that we had sold these machines to a number of foreign countries was that the different slots in the vending machines required—pardon me, I meant to say the different coins of the different countries required different sized slot machines or slots for the cent, and we were requested by the people that represented us to make a machine that would fit the different sized coins which we did make and delivered to them, which machines went into Canada and other foreign countries. That they have a record of their sales on their books, which did not enter on my books, as I made the delivery to them and they made the delivery to the different foreign countries, but I knew that we had sold these machines in different foreign countries, that is, our machines had been sold through the different sales agencies. There is another thing about the organization of the Zulu Manufacturing Company. Looking up what records I could find, stock records, we organized the Zulu Manufacturing Company in 1908 as a $10,000 corporation, and about April, 1910, we increased the corporation to $30,000, and then in August, about August, 1911, we increased our capitalization of the Zulu to $50,000, and then in 1912 we further increased the corporation, the Zulu Manufacturing Company, to $100,000, figuring on continuing with the Zulu Manufacturing Company. That
1473 date was in the fall of 1912 I believe. I am not positive
(2460) of that as I could not find any record, but I remem-
1473 ber that my attorney and my associates advised me to

use the name of L. P. Larson Jr. Company instead of the Zulu Manufacturing Company, as many jobbers wanted to know what Zulu meant or what Zulu manufactured. So they said, "Why don't you use your own name", so thereupon we increased the L. P. Larson Jr. Company in December, I believe, of 1912 from $2500 to $100,000 and the assets of the Zulu Manufacturing Company were purchased by myself, being the principal stockholder, and these assets were turned over to the L. P. Larson Jr. Company for the increase of the stock to $100,000 of the L. P. Larson Jr. Company. The book I am examining while testifying is a book just to refresh my memory. It is the minute book of the L. P. Larson Jr. Company. I know I took, I believe, $72,500 worth of stock in the L. P. Larson Jr. Company for the assets and
1474 cash that I turned in. I don't care to say anything on the subject of the credit I had when I came to Chicago. I don't think I want to retract any of that testimony. When I testified that I turned over the assets of the Zulu Manufacturing Company to the L. P. Larson Jr. Company for $72,500 of the stock of that company, I did so after seeing what I said was in the minute book of the
1475 L. P. Larson Jr. Company. I have that book with me. Pages 16 and 17 of the book I now hand Mr. Mayer have
1476 reference to the subject matter. (The witness then reads page 16). I have now read everything on page 16. The entire page is in typewriting, except the signature at the foot thereof reading "L. P. Larson Jr." which is in my handwriting. I wrote that on the date that the letter was signed, January 6, 1913. (The witness then read page 17). I have read everything on page 17. Every-
(2461) thing on that page which I have just read is in type-
1476 writing except the signatures of L. P. Larson Jr., E. J. Gutgsell, and of L. P. Larson, Sr. My signature appears on that page twice in ink and in my own handwriting.
1477 The signatures of E. J. Gutgsell and of L. P. Larson, Sr. respectively, appear also in handwriting in ink on that page twice. Those signatures were placed on that sheet at the time this meeting was held which would be about January 6, 1913. That book from which I have read is the minute book of the L. P. Larson Jr. Company,
1478 the Illinois corporation which I have already testified about.

(pages 16 and 17 of the minute book of the L. P. Lar-

son Jr. Company were then offered in evidence by Mr. Mayer. They were received in evidence and marked Larson Exhibit 70.)

1479 and 1480 (Larson Exhibit 70)

(2462) This minute book which I have produced here is a
1481 loose leaf book. I did not examine any other pages of this book since I was questioned yesterday. I was not enabled to make the correction which I volunteered when I first took the stand this morning about any other pages of this book which I have examined since yesterday.

There was a meeting of the directors at which proceedings took place as indicated on page 17. The minutes of the stockholders which are referred to in this directors' meeting appear on pages 18 and 19.

(Mr. Mayer then offered in evidence pages 18 and 19 of the minute book of the L. P. Larson Jr. Company. The pages so offered were received in evidence and marked Larson Exhibit 71, sheets 1 and 2.)

1482-1483 (Larson Exhibit 71, Sheets 1 and 2.)

1484 I will procure photographic copies of those four pages, 16, 17, 18 and 19 and give them to the reporter so they can be incorporated into the record. All of page 18 is in typewriting except the names "L. P. Larson Jr., E. J. Gutgsell 150, L. P. Larson Sr. 1". "L. P. Larson Jr." is in my own handwriting. The name "E. J. Gutgsell"
(2463) is in E. J. Gutgsell's handwriting. The figures "150" to the right of Gutgsell's name is in my handwriting, I believe. The signature "L. P. Larson Sr." is my father's signature. The figure "1" on the same line with my father's name and underneath the 150 is either in my handwriting or my father's.

I was at the stockholders' meeting on January 6, 1913, of the L. P. Larson Jr. company referred on page 18.

1485 I believe my father was present. E. J. Gutgsell was present, and the three signatures that I have just described are signatures to the meeting. Those signatures all purport to show how many shares of stock Mr. Gutgsell had in the L. P. Larson Jr. Company at the time of that meeting, January 6, 1913, and how many my father had at that time. It appears that Gutgsell had 150 shares of that stock at that time and my father had one share of stock at that time. I believe the balance of the stock at that time was owned by me. The number of my shares was left blank, opposite the signature. I don't remem-

ber any special reason for leaving the number of shares own by me on January 6, 1913, blank. I believe I owned all the balance of the shares of the L. P. Larson Jr. Company on January 6, 1913, excepting the 151 shares owned
1486 at that time by Mr. Gutgsell and my father.

Page 19 of the minute book is all in typewriting
(2464) except the signature "L. P. Larson Jr." and the signature "E. J. Gutgsell". "L. P. Larson Jr." is in my handwriting. "E. J. Gtgsell" is in E. J. Gutgsell's handwriting. Those two pages, 18 and 19, I believe were signed by the various parties on January 6, 1913. Those four pages truthfully represent what occurred. I don't believe that as a result of the transaction shown on those four pages the Zulu Manufacturing Company stripped itself of all its property and assets of every kind. I think after it transferred the property described on page 16 it had certain patents for the vending machines that it did not turn over. As to whether I have a definite recollection or whether I am merely guessing as to this transaction which took place a little over five years ago,
1487 I will say I don't know. I am trying to get through with it and give the facts according to the best of my knowledge. That's all. I am pretty positive that the Zulu Manufacturing Company retained the patents for the manufacture of the vending machine. I don't remember whether the Zulu Manufacturing Company after January 6, 1913, manufactured any vending machines. As to whether it licensed anybody under those patents to manufacture, sell or use any of those patented articles, I don't remember just how that was handled.
(2465) Refreshing my memory here from the minutes, why,
1488 they retained everything pertaining to the vending machine business of tools and dies and vending machines; the assets that were turned over to the L. P. Larson Jr. Company pertained more to the manufacturing of the chewing gum industry. The Zulu Manufacturing Company continued in the same business after January 6, 1913. As to whether that was active, there was a consolidation or a new organization was made under the Guaranty Sales Corporation. I haven't the corporate record book here of the Zulu Manufacturing Company. I could not find it. That's what I was looking for this
1489 morning. As to whether the journal of the Zulu Manufacturing Company would also show whether or not it

discontinued business about January 6, 1913, I will say the name "Zulu Manufacturing Company" was known to the jobbers, doing business under that name, and we received a large correspondence from different jobbers under the name of Zulu Manufacturing Company, and we had stationery and invoices and contracts for the selling of our vending machines and chewing gum, that, as I recollect, we continued using that stationery and invoices and billed out under the Zulu Manufacturing Company, until such time that we got our stationery and invoices that we could bill out under the L. P. Larson Jr. Com-
(2466) pany. The Zulu Manufacturing Company's assets, outside of what assets were turned over to the L. P. Larson Jr. Company in 1913, was consolidated or sold to and turned over to the Guaranty Sales Corporation as per circular which I herewith hand Mr. Mayer.

I believe the Guaranty Sales Corporation was organized in the fall of 1913 or the summer of 1914.

(The circular handed by Mr. Larson to Mr. Mayer was marked for identification, Larson Exhibit 72.)

1490 That's the only one of that Exhibit I have. The L. P. Larson Jr. Company, through L. P. Larson Jr., acquired all of the property and trade rights and trade-marks and good will and machinery and everything else belonging to the Zulu Manufacturing Company's gum business. They got everything that the Zulu Manufacturing Company had that had any bearing on or connected with the manufacture of chewing gum. As I remember it, the balance of the assets of the Zulu Manufacturing Company were turned over to a new concern called the Guaranty
1491 Sales Corporation. The Zulu Manufacturing Company's corporate name is still kept alive. It did not discontinue its gum business when it sold out to the L. P. Larson Jr. Company through me. The Zulu Manufac-
(2467) turing Company had good of their own, chewing gum, under their own name that they had built up a business on and jobbers are still buying that gum to this day, ordering from Zulu Manufacturing Company chewing gum under the Zulu Manufacturing Company's brand, and we are still enjoying a business under that brand, Zulu gum by Zulu Manufacturing Company as distributors. The L. P. Larson Jr. Company makes that gum.

The L. P. Larson Jr. Company was incorporated in July, 1911. At that time the Zulu Manufacturing Com-

pany was already an active concern. It had a gum business as well as a vending machine business. The Zulu
1492 Manufacturing Company, in its gum business which was carried on by it between July, 1911, and January, 1913, made I should say half a dozen different kinds or brands of gum, and also manufactured gums for other people from time to time. Not referring to flavors but referring to brands, I don't remember how many different brands of gum the Zulu Manufacturing Company made, handled or dealt in between July, 1911, and January, 1913. Naming all those that I remember, they manufactured the Peptomint gum for the L. P. Larson Jr. Company and they manufactured their own brands. I don't recall any other brand just offhand. The Zulu Manufacturing Com-
(2468) pany between July, 1911, and January, 1913, besides the Peptomint brand made Zulu gum. That gum was marketed under the Zulu Manufacturing Company. We manufactured the Zulu brand under the Zulu trade-mark. That is, the Zulu Manufacturing Company did, and also
1493 manufactured L. P. Larson Jr. Company's Peptomint and what other brands I can't recall. I don't remember any brand other than the Zulu brand and the Peptomint brand that the Zulu Manufacturing Company made or dealt in at any time. As far as I can remember, I don't know that there was another brand. The different Zulu brands were differences only in flavor and color schemes as to the paper. Those Zulu brands were put on the
1494 market in a one cent stick, wrapped separately, as the popular gums are today, and then put in a vending machine and sold for one cent each, and then they were also wrapped five sticks in a bundle, that was not sold through the vending machine but was sold from the dealer's counter as the brands are sold today. I don't believe I have any samples of the so-called Zulu brand of the Zulu gum as marketed five sticks in a package at that time. The Zulu Manufacturing Company sold gum between July, 1911, and January, 1913, to the usual jobbing trade throughout the United States. The class of jobbers it sold to were druggists, wholesale grocers, wholesale con-
(2469) fectioners, I mean that the Zulu Manufacturing Company sold the so-called Zulu gum. I am not speaking of Peptomint, to wholesalers or jobbers, five sticks to a package, between July, 1911, and January, 1913. I don't recall the names of a few of such wholesalers or jobbers.

There was a large number of them, but I can't recall them now, being many years ago. I will do what I can to refresh my recollection so as to furnish counsel for the Wrigley Company the names of two or three such jobbers. Between July, 1911, and January, 1913, the Zulu Manufacturing Company was also manufacturing gum under the brand of Peptomint. That Peptomint gum was put on the market in a five stick package. That was not a brand of the Zulu Manufacturing Company. Peptomint was a brand of the L. P. Larson Jr. Company. If I may add, like I have said before, the Zulu Manufac-
1496 turing Company was our trading name, that is, the jobbers knew us as the Zulu Manufacturing Company. They knew our concern as the Zulu Manufacturing Company. The Zulu Manufacturing Company was known to the jobbers, the Zulu Manufacturing Company selling and having sold their wares to the different jobbers and having sales people on the road representing them, took orders for the Peptomint chewing gum, together with
(2470) vending machines and gum for the vending machines
1497 that they were selling. The Zulu Manufacturing Company, even to this day, will get orders for a line of chewing gum from some retailer or from some jobber, saying that they would like to have our different brands of gum—like to have the different brands of gum of the Zulu Manufacturing Company. Therefore the L. P. Larson—or the Zulu Manufacturing Company, when the goods are billed out under the Zulu Manufacturing Company, will include all the different brands the L. P. Larson Jr. Company manufacture. I mean the Zulu Manufacturing Company would include all those different brands. It would be under the name of the Zulu Manufacturing Company. The Zulu Manufacturing Company is not any more what you call a merchandising organization. The L. P. Larson Jr. Company has a business which naturally has grown out of the Zulu Manufactur-
1498 ing Company. The L. P. Larson Jr. Company started, I would say, the active business in January, 1913, but we—the Zulu Manufacturing Company was getting in orders right along for these vending machines and for their chewing gum. I mean after January, 1913. By "we" I mean the L. P. Larson Jr. Company or myself. I was the Zulu and the L. P. Larson Company and the whole thing, you might say. I wanted to use my

(2471) personal name to give more of a standing to the concern. The Zulu Manufacturing Company was in good standing about January, 1913. I never was in a position to concern anybody who I owed. I always could pay my bills. I testified that my attorney and my associates ad-
1499 vised me to use my own name as the name of the Zulu Manufacturing Company didn't mean anything anyhow. The words "Zulu Manufacturing Company" meant nothing. It was on just before about January, 1913, that that advice was given me. I don't know whether it was 20 or 30 days before that. It had been suggested to me all the time why not use my own name.

The L. P. Larson Jr. Company was a $2500.00 corporation, organized in July, 1911, and had the right to do business under that name from that time. I testified this morning that in the fall of 1912 the Zulu Manufacturing Company increased its capital stock to $100,000.00, and
1500 I believe that's a fact. I also testified this morning that about the same time the L. P. Larson Jr. Company, which had been incorporated in July, 1911, for $2500.00, increased its capital stock from $2500.00 to $100,000.00. The object of doing that was not so as to have the capital stock of the L. P. Larson Jr. Company the same as the capital stock of the Zulu Manufacturing Company.
(2472) The Zulu Manufacturing Company was going to handle the business and continue, and the suggestion was made that L. P. Larson Jr. Company meant something while the Zulu Manufacturing Company didn't mean anything. I have explained that the Zulu Manufacturing Company increased its capital from fifty to one hundred
1501 thousand dollars. That was done to expand the business, and then after we had done that we, as I remember, never used the increased stock of the fifty to one hundred thousand dollars, that was never used, and the L. P. Larson Jr. Company was increased to one hundred thousand dollars to acquire additional capital and go ahead and expand our business. Then, as a matter of fact, after the date of the increase of the Zulu Manufacturing Company stock from fifty to $100,000.00 I changed my mind and concluded that I would, instead of expanding the business of the Zulu Manufacturing Company, increase the capital stock of the L. P. Larson Jr. Company from $2500.00 to $100,000.00 and then have that company take over the gum business of the Zula

Manufacturing Company. I was, for practical purposes, the owner and in control of both the L. P. Larson Jr. Company from the time it was organized and also of the Zulu Manufacturing Company from the time it was
1502 organized. I was not using two companies at any time,
(2473) for the purpose of competing with each other or for the purpose of giving the public the appearance of having two competing companies, nor for a stock jobbing proposition. There was not in fact any competition between those two companies. Prior to January, 1913, the Zulu Manufacturing Company was actively engaged in the gum business, and that covered both the Zulu brands and the Peptomint; the manufacture of those two brands. I said that the sales people that represented the Zulu Manufacturing Company having seen our Peptomint gum and having samples of it, would sell it together with other merchandise, vending machines and such. By the term "our" Peptomint I mean L. P. Larson Jr. Company Peptomint. I mean to say that the sales force of the Zulu Manufacturing Company having seen the L. P. Larson Company's Peptomint chewing gum, thinking it was a good piece of goods and a good saleable piece of goods, took large orders for it and instead of billing it out as Zulu Manufacturing Company or L. P. Larson Jr. Company, the sales people would take all the order for the vending machine and for the chewing gum all under one order blank as the Zulu Manufacturing Company. I don't mean that up to January 6, 1913, the Zulu Manufacturing Company was the concern that sold the Peptomint gum and after that date the L. P. Larson Jr.
(2474) Company sold it under its own name. What I meant to say was that the L. P. Larson Jr. Company, before January 6, 1913, was selling Peptomint gum and at the same time the Zulu Manufacturing Company was also selling Peptomint gum. That does not mean the two
1504 companies were competing. I will account for these two companies each selling the same brand of gum and not being in competition.

I went out and sold in Omaha, Nebraska, D. J. O'Brien & Company fifty cases of Peptomint chewing gum in the fall of 1911, that sale was made by the L. P. Larson Jr. Company for the reason that the L. P. Larson Jr. Company and myself had contracted a campaign which would entail thousands of dollars to advertise the Pepto-

mint gum which the Zulu Manufacturing Company had nothing to do with. Then when the injunction was brought against me by the Wrigley Company in 1911 I continued selling—the Zulu Manufacturing Company continued selling their brand and the L. P. Larson Company were compelled by the Court to change the label of their Peptomint brand.

I still say there was no competition between the two companies, the Zulu Manufacturing Company and the L. P. Larson Jr. Company between July, 1911, and January 6, 1913. I testified that the Zulu Manufacture-
(2475) ing Company was between the two dates named selling Peptomint gum to various jobbers and wholesalers throughout the United States, shortly before January 6, 1913, I took such assets of the manufacturing of the chewing gum of the Zulu Manufacturing Company which I purchased from the Zulu Manufacturing Company and we sold to the L. P. Larson Jr. Company. As to the question whether I paid the Zulu Manufacturing Com-
1506 pany anything for any of the property which I said from it shortly before January 6, 1913, I will say I did. As I remember, I gave them the stock that I had in the Zulu Manufacturing Company. Now, I say stock, I mean part of the stock that I held in the corporation, and paid off certain indebtedness and agreed to assume certain indebtedness that the Zulu Manufacturing Company was owing. I did that personally. I don't remember how much of the debts of the Zulu Manufacturing Com-
1507 pany I personally paid off at that time. I know one item, that I had not received any salary, and being alone in the matter practically, there must have been a compensation, I don't know of how much money, several thousand dollars that the Zulu Manufacturing Company owed me. It is not correct to say that the Zulu Manufacturing Company owed me several thousand dollars for services that it had not paid, and so I paid
(2476) myself those several thousand dollars. I did not pay myself those several thousand dollars.

1508 In January, 1913, the L. P. Larson Jr. Company through myself got the manufacturing machinery for the making of chewing gum from the Zulu Manufacturing Company, taking over the factory that manufactured the chewing gum. The Zulu Manufacturing Company then discontinued manufacturing chewing gum, but continued

with their vending machines, manufacturing their vending machines until the time the Guaranty Sales Corporation took them over which was only a month or two at the most, but the corporate name of the Zulu Manufacturing Company we ordered our attorneys to reduce the corporate stock from one hundred to five, so that we could keep the name of the Zulu Manufacturing Company as we had built up through its advertising a good will which was worth a lot to us. Then after this Guaranty Company absorbed the Zulu Company the Zulu Manufacturing Company was changed into the L. P. Larson Company. There was a short period there between the time when the Zulu Manufacturing Company transferred certain of its assets and property over to the Larson Company and the time when the Larson Company took over what was left of the Zulu Company that both those companies were running along together, that is, the L. P.
(2477) Larson Jr. Company and the Zulu Manufacturing Company were running along for for a month or six weeks. During that time the Zulu Manufacturing Company, its stockholders' meetings and the L. P. Larson Jr. Company stockholders' meetings were all held in a proper
1509 way by Mr. William A. Jennings. We are not holding stockholders' meetings of the Zulu Manufacturing Company now. There is no occasion for holding the stockholders' meetings for the Zulu Manufacturing Company now. That occasion ceased in the spring of 1913.

Pages 16 of the L. P. Larson Jr. Company's minute book, being Larson Exhibit 70, contains a list of certain
1510 assets that I offered to sell it for $72,500.00 of its stock. I don't know that all of those assets were assets theretofore owned by the Zulu Manufacturing Company. I can't say. This is a transaction between L. P. Larson and L. P. Larson Jr. Company. I certainly acquired the larger amount from the Zulu Manufacturing Company, but there are assets there of L. P. Larson Jr. personally, with a little money, that he bought things for. The first item in the list is accounts receivable, amounting to $8,688.14. They were accounts for merchandise sold to the jobbing trade by the Zulu Manufacturing Company, I believe. I don't remember whether L. P. Larson Jr.
(2478) ever personally sold any of that merchandise. I can't answer as to whether all the merchandise so sold was the property of the Zulu Manufacturing Company. It is

possible that some part of the $8,688.14 accounts receivable was for merchandise that was owned by me per-
1511 sonally or sold by me personally. Prior to January 6, 1913, I personally may have sold some gum owned by myself to some individual on my own behalf. Any such gum I sold on my own behalf I bought of the Zulu Manufacturing Company or the L. P. Larson Jr. Company. By that gum I refer to Peptomint gum. There was only
1512 one brand, the L. P. Larson Jr. Company gum. Prior to January 6, 1913, I individually and on my own behalf, was at sometime or other engaged in the business of either buying or selling or dealing in some gum. I don't know what period of time that was. In 1911 I would say that I personally, on my own individual behalf, was engaged in the gum business. The only gums I sold or dealt in on my own behalf were the gums of the L. P. Larson Jr. Company. As to the names of the brands that I personally bought, sold or dealt in during the year 1911, I will state Peptomint gum. I don't remember when I first personally dealt in Peptomint gum on my
1513 own behalf other than that I made sales in 1911. The Peptomint gum which I sold in 1911 I got from the Zulu
(2479) Manufacturing through the L. P. Larson Company. In 1911 the Zulu Manufacturing Company sold Peptomint gum to the L. P. Larson Jr. Company and the L. P. Larson Jr. Company sold that gum to L. P. Larson Jr. and L. P. Larson Jr. sold it to the trade. I don't know what my books will confirm on that subject. I will make a memorandum to produce the books of account of the L. P. Larson Jr. Company showing the sale of any gum of any kind to me personally at any time. I have made a memorandum to produce any books or records of both the L. P. Larson Jr. Company and the Zulu Manufacturing Company showing any sales of any Peptomint gum
1514 in 1911 by the Zulu Manufacturing Company to the L. P. Larson Company. I understand that I am now being asked to produce any books or records, whether kept by myself personally or by the Zulu Manufacturing Company or by the L. P. Larson Jr. Company, which show any sales of any Peptomint gum in 1911 either by the Zulu Manufacturing Company to the L. P. Larson Jr. Company or by the L. P. Larson Jr. Company to L. P. Larson Jr., and also any books or records which will show any sales made by me personally on my own be-

half in 1911 of any Peptomint gum to anybody. There is nothing in the questions that have been put to me which lead me to want to change any answer which I have given with respect to the $8688.14 accounts'
(2480) receivable referred to on Larson Exhibit 70. I said that may be part of the $8688.14 accounts receivable which I was proposing to turn over to the L. P. Larson Jr. Company represented accounts receivable due to me personally for gum which I personally had sold on my
1515 own individual behalf. Now, supposing that was where I had sold something pertaining to the gum business that belonged to me, I included that in those accounts receivable. I don't remember as a matter of fact whether that $8688.14 accounts receivable included accounts receivable due to myself personally for gum sold by me personally on my own behalf. I don't remember how much Peptomint gum I sold individually on my own behalf in the year 1917. I know that I was making sales of Pep-
1516 tomint gum, and I did everything possible to further my business. That's the business of L. P. Larson Jr. Company. It is true also that I personally and individually sold Peptomint gum on my own individual account in 1911. I can't say whether the Zulu Manufacturing Company was also in 1911 selling Peptomint gum. The L. P. Larson Jr. Company was selling Peptomint gum in 1911. It was selling Peptomint gum in 1911 to persons other than myself individually. Sold 50 cases of chewing gum to D. J. O'Brien, Omaha, Nebraska, at $44.00 a case; that was one sale, and a number of other jobbers
(2481) throughout the United States. I can get a record of them. I can't recall them. I will procure and produce information as to these jobbers.

1517 Tuesday, April 22, 1919,
2:00 o'clock P. M.

I would like to make one explanation. I was more or
1518 less confused on one question. You asked me whether or not the Peptomint gum was sold by the Zulu Manufacturing Company and I believe I said no, sir. I didn't mean that because the Peptomint gum was sold by the L. P. Larson Jr. Company, the Zulu Manufacturing Company as well as myself. That was true in 1911. The three of us were co-operating in the sale of Peptomint

gum in 1911. The three of us were not trying to sell to the same customers. The Zulu Manufacturing Company in 1911 had a sales organization and so did the L. P. Larson Jr. Company. The L. P. Larson Jr. Company had a sales organization. L. P. Larson Jr. was a sales person employed by the L. P. Larson Jr. Company in 1911. That was not all. I can't remember the names of anybody else. They were sales people that I hired by advertisements for the L. P. Larson Jr. Company to
1519 sell Peptomint chewing gum. That was in 1911. At the same time the Zulu Manufacturing Company owned and
(2482) controlled by me already had a sales organization and at the same time I individually on my own personal behalf was trying to sell Peptomint gum.

In 1911 the place of business of the Zulu Manufacturing Company was 29 South Clinton Street. I believe that was during the entire year. It was the third floor, I believe. In 1911 the L. P. Larson Jr. Company had an office with the Zulu Manufacturing Company at the same location on the same floor. They did not occupy different rooms, that I remember. I would say we had,
1520 at 29 South Clinton Street, two rooms which consisted in round numbers about 15,000 square feet. The Zulu Manufacturing Company occupied those rooms, on the same third floor of the building during the entire year 1911, and then the L. P. Larson Jr. Company was incorporated July 28, 1911. Its offices during the balance of that year were on the same floor. I don't remember that the L. P. Larson Jr. Company paid any rent for its occupancy of any of those premises. My best recollection is that it didn't. From July, 1911, to the end of that year the Zulu Manufacturing Company was an active, going concern, with a sales organization. The object of the L. P. Larson Jr. Company in having separate employes and salesmen from the Zulu Manufacturing Company was to further the sales end of the Peptomint chew-
(2483) ing gum in 1911 by having the Zulu Manufacturing
1521 Company incur the expense of using its sales organization for that purpose and also employing separate salesmen for the L. P. Larson Jr. Company. I will say the L. P. Larson Jr. Company employed these special representatives to sell Peptomint chewing gum only where the Zulu Manufacturing Company employed their sales people to sell vending machines and chewing gum in conjunc-

tion with the L. P. Larson Jr. Company's Peptomint brand of chewing gum. The L. P. Larson Jr. Company incurred the expense of hiring salesmen for itself to sell Peptomint gum exclusive of any vending machines so that they could put all their time on the selling of Peptomint chewing gum. The Peptomint chewing gum that was being sold by the Zulu Manufacturing Company in 1911 was sold in connection with vending machines. Peptomint chewing gum was not used in vending machines. In saying that the sale of Peptomint gum was being made by Zulu Manufacturing Company employes in connec-
1522 tion with the sale of vending machines, I mean that a man would go out and sell a certain number of vending machines, and if the customer would also want package goods, five cent package goods, to sell from the counter, why he would take an order with the order of the vending machines. I cannot give the names right offhand of any one of those persons that was employed by L. P.
(2484) Larson Jr. Company in 1911 to sell Peptomint gum. They were strangers mostly to me. These employes worked for the L. P. Larson Company until the injunction by the Wm. Wrigley Jr. Company. At that time there were quite a number of employes of the L. P. Larson Jr. Company representing the L. P. Larson Jr. Company in selling Peptomint chewing gum. I can give
1523 names if I am given time. I don't know how many of those employes of the L. P. Larson Jr. Company in 1911 were selling Peptomint chewing gum. I say that the L. P. Larson Jr. Company had something between ten and twenty-five persons already hired to sell Peptomint gum before the injunction came against us. I cannot produce a list of those names showing the dates when they were employed because no records like that were kept by us that I remember. The L. P. Larson Jr. Company kept books of account and they were kept truthfully so far as I know. The intention was to keep them truthfully, and
1524 as far as I know it was done. I don't know that if the L. P. Larson Jr. Company had as many as twenty-five employes selling Peptomint gum in 1911 that the books for that year would show those employes and the salaries paid them, because the period was very short there in which we hired them, and the Zulu Manufacturing Company were the main business, and the business, as you
(2485) can say, and the employment of these sales people by

myself as President of the L. P. Larson Jr. Company was more or less promoted by myself personally. I don't mean to say that the Zulu Manufacturing Company paid the wages and expenses of all of these ten or twenty-five persons whom I have just testified were employed by the L. P. Larson Jr. Company in 1911 to sell Peptomint gum exclusively. The L. P. Larson Jr. Company paid the wages and expenses of those employes. What I meant to say was this, that the Zulu Manufacturing Company had the sets of books, that all accounts were placed for the Zulu Manufacturing Company, and the L. P. Larson Jr. Company, being another corporation, was promoted
1525 by myself individually and personally and no one had anything to do with it. I mean to say that the L. P. Larson Jr. Company did not have any employes other than to sell gum. As to why those books of account of the L. P. Larson Jr. Company will not show what was paid to its employes for services rendered to it in 1911, I will say at the start of the business there, Mr. Mayer, I don't think we kept any complete records of what the
1526 L. P. Larson Jr. Company did. I don't say that the L. P. Larson Jr. Company would sell goods and keep no record of those sales. I would not say that the L. P.
(2486) Larson Jr. Company would hire employes and keep no records of what it paid those employes. As to whether the L. P. Larson Jr. Company would insert advertisements for employes and have no records of the amounts it paid for those advertisements, I will say yes and no, for this reason, that the incorporation of the company and the manufacturing of the Peptomint chewing gum was not a long enough period for a set of books to be opened up, especially by the L. P. Larson Jr. Company. I don't say that the L. P. Larson Jr. Company didn't have any set of books pertaining to the transactions of Peptomint gum in 1911. They have sales records of the gum that was sold. As to whether the L. P. Larson Jr. Company has any record showing what it paid out for expenses and salaries to its employes, I will say at that period I don't know, as I, as an individual, handled the L. P. Larson Jr. Company, and being practically the sole owner of that corporation, it was my own investment. The same thing was true until the L. P. Larson Jr. Company took over the sales end of all the business. I practically considered myself the sole owner of the

L. P. Larson Jr. Company until January, 1913. I didn't keep the complete account and trial balances and statements of that kind respecting the L. P. Larson Jr. Com-
1528 pany prior to January, 1913. I can't say that I have
(2487) or I have not records prior to January, 1913, of the amounts paid out by the L. P. Larson Jr. Company to its employes. I would have to look the record up. Those books will show. I have made a memorandum of counsel's request that I produce the books and records of the L. P. Larson Jr. Company from July, 1911, when it was organized down to January 6, 1913.

1529 (Mr. Mayer then stated that he wanted the witness to produce all his books and all his records from the L. P. Larson Jr. Company from July, 1911, to January 6, 1913, which will show any sales of the employes or moneys received or moneys paid out, including also the corporate record book of that company which the witness has already been asked to produce).

I don't say that the sales people that were employed by me to further the sale of Peptomint chewing gum will show on the record of the L. P. Larson Jr. Company in the summer and fall of 1911.

(A discussion then took place between the Master and counsel for the parties during which, Mr. Mayer stated that he was willing to let the record show that Mr. Aldrich is objecting to the Wm. Wrigley Jr. Company's right to introduce evidence as to the financial condition and ability
(2488) of the L. P. Larson Jr. Company to do business in Canada and Australia and in this so-called foreign territory during the accounting period. And as to our investigating the extent and volume of the business of the
1532 L. P. Larson Jr. Company, to which Mr. Aldrich said: I accept that suggestion. I object to this entire line of examination on the ground it is immaterial, irrelevant and, as I understand the law, not to be considered in this case in any way as the Wrigley Company has been held to account for all the profits it made and there were no limitations or restrictions as to whether or not the Larson Company could have sold all the goods that the Wrigley Company has sold, all the infringing goods that the Wrigley Company has sold.)

The witness resumed.

I can endeavor to get all the records that I have of the corporation, the L. P. Larson Jr. Company, from its organization.

(Mr. Mayer stated that what he wanted in the first instance, and it may possibly be all that he would need, would be the corporate minute books of the Zulu Manufacturing Company and of the L. P. Larson Jr. Company, and the cash books of both those companies, and the
(2489) journals of the ledgers covering the period up to August 1, 1914.)

I have testified in this case already that Edward R. Burt & Company, accountants, examined the books of the L. P. Larson Jr. Company twice a year.

(Mr. Mayer then asked the witness to bring into court the said financial reports of Edward R. Burt & Company. Mr. Aldrich said that those reports would be brought into court, so if the master said that the Wrigley Company was entitled to go into the L. P. Larson Jr. Company's affairs, the L. P. Larson Jr. Company could answer the demand to produce the same unless Mr. Aldrich concluded to take it up with the court. Mr. Aldrich also stated he did not think counsel for the Wrigley had any right to make the demand).

The witness resumed.

The Minute book of the L. P. Larson Jr. Company which I have brought here contains the minutes of the first meeting of the L. P. Larson Jr. Company. The minutes of the first meeting begin on page Numbered 1 of this same minute book referred to this morning. Page
Numbered 1 is pretty near the end of the books. There
(2490) are a great many blank pages preceding page numbered 1. I have no objection to counsel fingering the blank pages. They precede page numbered 1. The number on the first is 67. The number on the last page next preceding the page numbered 1 is 300. It is my understanding that the first pages in the book are numbered consecutively and are blank from 67 to 300.

(At the request of Mr. Mayer, Mr. Aldrich stipulated, objecting at the same time to the materiality and competency of the evidence, that pages 1 to 6 in the minute book just referred to consist of the charter issued by James A. Rose, Secretary of the State of Illinois, on July 28, 1911, of the L. P. Larson Jr. Company showing that it was incorporated under the laws of Illinois, pursuant to an act concerning corporations, approved April
18, 1872, and the amendatory acts. Mr. Aldrich also stipulated, subject to the same objection as to materiality

that page 2 of that corporate record is a copy of the application by Alexander C. Mabes, George I. Haight and Thomas B. Brown to the Secretary of State for the State of Illinois for the incorporation of the L. P. Larson Jr. Company for the purpose of dealing in merchandise and
(2491) so forth and with a capital stock of $2500.00 consisting of 250 shares of $10.00 each, and naming as the location of the principal office 505 Commercial National Bank Building, Chicago, and giving the duration of the company as 99 years.

Subject to the same objection Mr. Aldrich stipulated, at the request of Mr. Mayer, that page 3 is the notary's certificate showing the acknowledgment of that application by the three applicants, and that the acknowledgment was on the 21st day of July, 1911; and that pages 4, 5 and 6 of that record book show the report of the three commissioners named to the Secretary of State showing the subscriptions to the stock to be as follows:
1541 L. P. Larson Jr. 248 shares, amounting to $2480.00; George I. Haight subscribed for 1 share of the amount of $10.00; and Thomas B. Brown subscribed for 1 share of the par value of $10.00; and that the report also shows $2500.00 actually paid in and that all of the subscribers named waived notice of a meeting of the subscribers which was held at the office of George I. Haight, 621 The Rookery, at 5:00 P. M. July 26, 1911, and that the subscribers met and elected as directors at that meeting for the term of one year L. P. Larson Jr., George I. Haight and Thomas B. Brown.)

(2492) The witness resumed.

The $2500.00 capital stock of the L. P. Larson Jr. Company, when it was organized, was paid up in full. The $2500.00 was used personally by me as a promoter for the L. P. Larson Jr. Company for sales people over the United States. I don't say that the money was returned to me. It was expended for the promotion of the Peptomint business that the injunction was brought against us
1542 on. I personally expended that $2500.00. It was money that was owned by the L. P. Larson Jr. Company. I was the sole proprietor and owner of the business and handled it myself. I don't remember as to whether, when the L. P. Larson Jr. Company was incorporated, I made out any checks payable to the order of L. P. Larson Jr. for $2500.00 to pay for that stock. If I did make out any

such check, I would not have on behalf of the corporation endorsed the check back to myself individually and retained it. The fact of the case was that at that time I don't think the L. P. Larson Jr. Company had a bank account. I don't remember when the L. P. Larson Jr. Company first opened a bank account, but I do remember that when we first started I handled the finances of the L. P. Larson Jr. Company. I don't know as to the length
(2493) of time I personally handled the finances of the L. P.
1543 Larson Jr. Company. I have handled the finances of the L. P. Larson Jr. Company outside of the period when we had a treasurer. The L. P. Larson Jr. Company always had a treasurer. I acted as first treasurer. Later on we had different men that were in the organization act as treasurer, but I always handled the finances as a rule. I don't remember when the L. P. Larson Jr. Company first opened a bank account. I have moved several times. We have got a lot of records together in our basement there that I will be glad to go over, but I cannot produce anything like a first bank deposit book that L. P. Larson Jr. Company had. I think the L. P. Larson Jr. Company first opened its account in the Commercial and Continental, the Commercial National or the Commercial and Continental National Bank.

1544 (At the request of Mr. Mayer Mr. Aldrich then read the following from the record of the first meeting of the directors of the L. P. Larson Jr. Company appearing on page 7 of the minute book:

On motion duly made, seconded and carried, L. P. Larson Jr. was duly elected to the office of President and Treasurer of the corporation for the ensuing year or until his successor is elected and qualifies.

(2494) At the request of Mr. Mayer, Mr. Aldrich then stipu-
1545 lated that the first meeting of directors of the L. P. Larson Jr. Company appears, from the minute book which has been produced on page 7, to have been held on the 28th of July, 1911, at No. 29 South Clinton Street.

And that on motion made and carried, L. P. Larson Jr. was elected chairman and E. J. Gutgsell was elected secretary and that they accepted the respective offices, and that L. P. Larson was duly elected to the office of president and treasurer of the corporation for the ensuing year, or until his successor is elected and qualifies).

Witness resumed.

From July 28th, 1911, down to the present time I have at all times retained the presidency of the L. P. Larson Jr. Company. I now enjoy the treasurership of that company, but I have not held the treasurership during the whole period stated. Mr. Gutgsell did not continue the secretary of the company down to the present time. He is not connected with it now. He severed his connection about a year and a half ago. He is not related to me.

(2495) (At the request of Mr. Mayer, Mr. Aldrich stipu-
1546 lated that L. P. Larson Sr. was elected to the office of Vice-President of L. P. Larson Jr. Company at the July 28th, 1911, meeting for that year.)

1547 There has been other moneys or other property put into the business of the L. P. Larson Jr. Company besides the $2500.00 I have testified about and the property described on page 16 of the minute book. It was put in by way of payment of stock at par. The capital stock of the L. P. Larson Jr. Company on January 6, 1913, I believe, was $100,000.00. I can give no further information in addition to what I have already said with regard
1548 to the first item of accounts receivable, $8688.14, indicated on Larson Exhibit 70. The next item on Exhibit 70, being a claim against J. L. Adams for $200.00, is $200.00 I personally paid J. L. Adams for a lease of his building that the L. P. Larson Jr. Company moved into in the spring of 1913. An explanation of why, if I paid that in the spring of 1913, I could include that three or four months before, viz., January 6, 1913, I will say I leased it in the fall of the year before. You see I had to pay
(2496) that $200.00 down because he had a chance to lease it to somebody else and he says, "Larson, you have to put up some good faith money if you want the building." The building I am talking about is at the corner of Sheldon and Carroll Avenue. The L. P. Larson Jr. Company moved into that building and also, as I remember it, the Guaranty Sales Corporation, taking over the vending machine assets of the Zulu Manufacturing Company. I think
1549 it was 321 North Sheldon Street. J. L. Adams owned the building, and he wanted a tenant for the next year, and I gave him that as good faith money and I considered it worth dollar for dollar because we got a month's rent for that money. In other words, it was a payment in advance for rent. I personally paid the $200.00 to J. L.

Adams. It was my own money. It was not money paid to Adams by the Zulu Manufacturing Company or by the Guaranty Sales Corporation or by the L. P. Larson Jr. Company. That money was paid by me personally. That was paid on the lease. When we got the lease I paid
1550 that as good faith money. I don't know who got the money. I think it was the L. P. Larson Jr. Company that took the lease personally. The records I will produce here tomorrow will not show that. It was my own personal money because I would not do anything crooked
(2497) on these books. I say that because you see L. P. Larson Jr. writes a letter to my father as the secretary of the corporation that it turned over these assets of my own money and nobody else's money but my money. As to whether it might have been a claim in favor of the
1551 Zulu Manufacturing Company against J. L. Adams, I will say I am not that kind of a fellow. I was the principal stockholder of the Zulu Manufacturing Company. It would not be the right thing if the Zulu Manufacturing Company had advanced that $200.00 for the L. P. Larson Jr. Company to reimburse me. I don't know whether the lessee was L. P. Larson Jr. or L. P. Larson Jr. Company. It might have been one or the other and it might have been the Zulu Manufacturing Company, but I know that was my $200.00.

The item of $15,966.85 appearing on Larson Exhibit 70 stated to be moneys expended for advertising Peptomint gum and all publicity and demand for Peptomint gum created thereby and also the good will created thereby was, every cent of it, expended by me for furthering the business of the Peptomint gum that there was brought an
1552 injunction against by the Wm. Wrigley Jr. Company. That $15,966.85 represents cash actually paid out by me.
(2498) I was looking this matter up and I found one memorandum of about $1200.00 that was paid one concern, the Felton Advertising Company, and these items were paid out by me personally. The money was absolutely my own. All that $15,966.85 belonged to me. All that money was spent for advertising Peptomint gum and the promotion of Peptomint gum. By the words "and the promotion of Peptomint gum" I mean the sales people I would employ. The sales people that I personally employed to promote the Peptomint gum. None of that $15,966.85

represents any money paid out to any sales people by either the L. P. Larson Jr. Company or the Zulu Manufacturing Company. That was money I paid out. That
1553 is the money that was expended by me personally promoting the sales of Peptomint gum during the period, in 1911, in which, as I testified this morning, I personally on my own individual behalf was conducting the Peptomint gum business. A lot more than $1200.00 was paid out for advertising. I don't know how much more. It was more than $1200.00; that was just one bill in looking over the records that I found of the Felton Advertising Company that I personally paid.

(2499) It was a receipt from the Felton Advertising Com-
1554 pany. All the $15,966.85 was expended for the promotion of the Peptomint chewing gum. That promotion includes sales people and also includes every dollar of an expenditure of any kind that pertained to Peptomint chewing gum. It covered advertising and sales people. I don't remember of anything else it covered. That was a personal record. I have made an endeavor to keep them, but we have moved several times and they get dusty and dirty and I have done the best I could.

The Zulu Manufacturing Company expended moneys for advertising Peptomint gum prior to January 6, 1913, as I said before, for the sales people that were out sell-
1555 ing L. P. Larson Jr. Company's gum, Peptomint, in conjunction with vending machines.

Whatever advertising I personally, individually placed of Peptomint gum, the Zulu Manufacturing Company never paid the bills. They guaranteed the account with the Felton Advertising Company for one, and other people we did business with.

1556 As to the names of everybody who in fact actually looked after any advertising of any of the business of the Zulu Manufacturing Company or of the L. P. Larson Jr. Company or of myself individually at any time, there was the Felton Advertising Company, different newspapers like the Detroit papers. The L. P. Larson Jr. Company had contracted directly with Detroit papers. I
1557 don't remember what period it was. I can't remember the year. It was many years ago. As to whether it was
(2500) before or after January 6, 1913, I should say it was
1557 during that period.

(The following then took place:)

"Q. What's your best recollection as to whether it was before or after January 6, 1913?

Mr. Aldrich: Mr. Larson, you can look those matters all up.

Mr. Mayer: Q. Whenever I ask you a question that you believe you can look up and give me an accurate answer you may do so.

Mr. Aldrich: I think that's much preferable than to ask him to test his recollection which may be at fault."

1558 All of the $15,966.85 referred to on page 16 of Larson Exhibit 70 must have been used for expending advertising or promotion of the gum or else it would not be there. As to where that advertising was placed, we had it in Omaha, Nebraska; Lincoln, Nebraska; Freemont, Nebraska; Detroit and Chicago. There are a 1559 number of other cities and towns that we advertised in that I can't recall right now. I don't think I can get all the advertising that has already been called for, be- (2501) cause that advertising was a personal proposition of 1559 mine that I promoted the selling end of the Peptomint gum and I don't know that I have got any records that will show other than what has been saved in newspapers. I don't say I have got copies of all the advertisements to which I am referring. As to whether I have what I believe to be a fairly complete copy of those advertisements, I will say I never put them in a book form, they have been saved in my desk and collected and have been saved the best possible way. I have been very slack in sav- 1560 ing any of the advertisements. I don't know how much of the $15,966.85 was spent by me for advertising Peptomint gum in the year 1912 or in the year 1911. That was spent before January 6, 1913. I can't give any idea of how much was spent in 1911 or 1912. I don't remember the division. I do not remember how much of the $15,966.85 was spent by me for selling agents or employes in 1911 and how much in 1912. I have no way of getting that information. The type of newspaper advertising of Peptomint gum that was included in the $15,966.85 was partly newspaper advertising and other advertisments like show cards and displays of advertising of our Peptomint gum. I do not think any of those 1561 items will appear on the books of the L. P. Larson Jr. Company. I don't know that the L. P. Larson Jr. Com-

pany itself paid out anything for advertising Peptomint gum at any time before January 6, 1913. My best recollection is that I handled personally all the affairs of the L. P. Larson Jr. Company in regard to finances until January 6, 1913. I do not mean by that that whatever moneys were paid out up to January 6, 1913 were my own individual moneys. $2500 of that was the corporation's money. The $2500 was the money I paid for the stock when the company was organized. I did not get that money back. It was spent by me for the L. P.
1562 Larson Jr. Company. The fact is the money was paid for the stock in the L. P. Larson Jr. Company and expended for the promoting of its product, the Peptomint gum. Part of the $2500 was used
(2502) to pay the Secretary of State for the charter
1562 or license. I don't how much. I suppose it was somewhere around $20 or $35 and I paid the attorney maybe $100 for incorporating us. That came out of the $2500. I don't remember what other expenses there were at the beginning of the organization of the L. P. Larson Jr. Company. The L. P. Larson Jr. Company had no office expense as we were officing with the Zulu Manufacturing Company. We might have bought a typewriter or two or something like that. I believe there were books bought because of the organization of the L. P. Larson Jr. Company, and I believe individually I started the
1563 bookkeeping system, but we had one corporation, the Zulu Manufacturing Company, that was doing our main business. It is approximately correct to say that I would not have to keep any books of the L. P. Larson Jr. Company until later along when the Zulu Manufacturing Company's gum business was acquired by the L. P. Larson Jr. Company on January 6, 1913. I don't know that the L. P. Larson Jr. Company, beginning about January 6, 1913, used the books of account that had theretofore been used by the Zulu Manufacturing Company. As to whether the fact is that all of the moneys that were paid out for advertising the Peptomint gum and for publicity and demand for the Peptomint gum and to build up a good will for the Peptomint gum, including the expenses of the salesmen, were all borne prior to January 6, 1913, either by myself personally
1564 or by the Zulu Manufacturing Company, I will say

that it was also borne by the L. P. Larson Jr. Company, They had $2500 to start with. I would not say, I could not say that it was correct to state that outside of that $2500, the L. P. Larson Jr. Company did not, prior to January 6, 1913, pay out any money for advertising Peptomint gum or for publicity or creating a demand for that kind of gum or for building up a good will in that kind of gum. I have not any recollection of any other moneys that were paid out by the L. P. Larson Jr. Company prior to January 6, 1913 for any of the purposes stated, The $2500 was expended for that purpose. I don't know whether there was any money besides that
(2503) $2500 expended by the L. P. Larson Jr. Company
1564 prior to January 6, 1913 to advertise Peptomint gum or for employes selling Peptomint gum or for building up a good will or demand for Peptomint gum. I am not in a position to say one way or the other. As to whether
1565 I have any way of ascertaining what the fact is in that respect, I will look it up tonight.

In answer to Mr. Aldrich's question whether any part of that $15,000 that appears on that sheet was paid by the Zulu Manufacturing Company or whether it was all paid by me personally, I will say that it was understood that when that item was taken and put in the book for the expenditure of advertising Peptomint gum that that was done all at my expense, either by me personally or it could have been paid out by the Zulu Manufacturing Company for my account.

I mean that it may be that the Zulu Manufacturing Company actually paid out the $15966.85, but that in my dealings with the L. P. Larson Jr. Company on January 6, 1913 I was personally to receive credit for part of that amount. It may have been I used the Zulu Manufacturing Company's checks to pay out that $15966.85. If I did use that amount in checks, I would still say that it was
1566 my own personal money that was paid out. I make a distinction between the Zulu Manufacturing Company's and my own personal moneys. I mean to say that if I should be in New York City that the treasurer of the corporation of the Zulu Manufacturing Company could pay a check for an amount due owing by me and the Zulu Manufacturing Company would charge my account with it.

(2504) April 23, 1919.
10:30 o'clock A. M.

1567 I have brought all the records I could possibly find. I have brought all those I was requested to produce. I will say I have as to the L. P. Larson Jr. Company's business; the business of the Zulu Manufacturing Company between January 1908, and 1912, December 31, records which were not important to the business have been filed away in other boxes and such records as our minute book and our stock books which I personally had charge of, why I have got those here. But the bookkeeping books like the orders and transactions that were kept by the bookkeeping department which I never had charge of, I have not got those records of the Zulu Manufacturing Company but I have of the L. P. Larson Jr.
1571 Company records from the start of the business, 1911. I now produce the journal of the L. P. Larson Company since the inception of its business from July 28, 1911. The first entry on that journal is July 28, 1911. entry is September 30, 1913.

(The book was marked for identification Larson Exhibit 73).

The entire item which shows that I paid the L. P. Larson Jr. Company $2500.00 cash for its capital stock reads: "Cash $2500.00", there is a "C" before the $2500.00 showing the entry has been made into the ledger leaf. "Capital stock C 2500." As to whether the book which I have produced shows the payment of $2500
(2505) or any other sum by me to L. P. Larson Jr. Company,
1572 I will say it shows that $2500 has been paid the L. P. Larson Jr. Company for its capital stock in cash. The minute book shows that it was I who paid for the stock.

(In answer to a request of Mr. Mayer that the witness produce that minute book, the witness produced a journal).

This book which I produce is a cash book and journal combined. The L. P. Larson Jr. Company did not keep
1573 any other cash book than this journal which has been marked for identification Larson Exhibit 73 at any time so far as I know. The last entry in that book is September 30, 1913. As far as I know, whatever cash was received by the L. P. Larson Jr. Company at any time or

was paid out by it will appear on Larson Exhibit 73. I did not keep the books and I would have to look into it thoroughly or inquire of the bookkeeping department how the books are kept, and if possible from the bookkeeper that kept that book. I don't know who kept that book. The original writing on page 1 is in my hand-
1574 writing. The first handwriting in that book other than my own appears under January 1913. All the entries in that book up to January 1, 1913, are in my handwriting. I have no doubt of the correctness of that book or the entries therein or that the entries are correct. The entries on page 1 of that book, Exhibit 73 for identification, are in my handwriting, as I had exclusive charge of the
(2506) L. P. Larson Jr. Company and kept its books up to the time the purchase was made of the Zulu Manufacturing Company and the general business done by the L. P. Larson Jr. Company on January 2, 1913. I have been referring to page 1 of Larson Exhibit 73. There are two sheets, each of them is numbered "1", in that book.

(Page 2 of Exhibit 73 was marked with an A after the "1").

There were books kept by, for and on behalf of the L. P. Larson Jr. Company prior to January 1, 1913, other than this book which I have produced here and which has been marked Larson Exhibit 73 for identification. There were books of account. That was a ledger. As to whether I have them here, I have here sheets of the loose leaf ledger which pertain to the accounts in question. July 28, 1911, is the date of the first entry on the loose
1576 leaf ledger. I have five of those ledger sheets. The last entry on those ledger sheets is an item of June 30, 1915, under Advertising and Promotion. As to whether the L. P. Larson Company has any other journal that was used by it prior to January 1, 1913, than Larson Exhibit 73, I will say I did not keep the books, Mr. Mayer and I could not say, but I know there is an advertising journal where money was expended in advertising that I don't know how much it amounts to, I know all I have is a faint recollection of it and I tried to find it last night. That book would show items prior to January 1,
(2507) 1913. As to my statement that all journal entries and all cash entries pertaining to the business of L. P. Larson Jr. Company were made by me personally up to

January 1, 1913, and part of the items in Larson Exhibit 73 on the two pages numbered 1, I mean to say that I kept a journal, a special account of what the item $1500 stands here for that I spent for advertising and also items of money I expended for advertising like this $15,966.85.

1577 Referring to the first item on page 1 of this combined cash book and journal marked Exhibit 73, that shows the L. P. Larson Jr. Company received $2500. for its capital stock. In answer to the request that I show the bank account of the L. P. Larson Jr. Company which was first kept by me, either the deposit book or any account in the ledger or any other cash account or any other evidence that would pertain to that $2500. I now produce ont of the five ledger sheets which I referred to a moment

1578 ago. I do not know in whose handwriting are the ink notations on that sheet, I believe they are in the handwriting of a bookkeeper that was employed by the Zulu Company, George Tabert. That sheet has on the top of it a line on which is printed "Sheet No. ....". The line underneath has printed on it the word "Name", and on the same line nothing appears excepting the word "cash". The word "cash" is written in ink. That was

1579 written by George Tabert, bookkeeper of the Zulu Manufacturing Company. George Tabert does not still work for me or any company in which I am interested. On

(2508) the line beneath that last described is another line on which is printed the word "address". There is nothing on that same line. Then come two lines between which are printed the words "Tengwall Company of Illinois, manufacturers, Chicago and New York, S. F. No. A." Then underneath that appear certain columns on the top of which is printed the word "date", and underneath that printed word "date" is written in ink "1912", and somebody has written in pencil the figure 1 over the ink figure 2 in the year 1912 so as to make it read 1911. In the same column underneath the 1912 as now changed in pencil to 1911 is written "July 28" in ink. I think

1580 George Tabert wrote that date "1912" in ink and also the date "July 28" in ink. Then comes another column not headed and the word "cash" written in ink. I think that is in Tabert's handwriting. Then comes another column on the top of which is printed the word "folio"

and underneath that in ink the figure "1". Then comes another column headed "debits" and underneath that in ink the figures "2500.00." That "2500.00" means $2500.00. The last two zeros just refer to the cents. Then comes another column headed "balance" and another headed "credits". Those two words are both printed. Underneath the column headed "credits" is written in ink "1,000.00" and underneath that "1,500.00". Those ink figures are in Tabert's handwriting. The "1,000.00" stands for $1,000 and the "1,500.00" stands for $1,500.
1581 Then comes another column headed "folio" and underneath that the figure "1" and underneath that on the line below the figure "1". Then in the same line on which
(2509) we find "credits 1,000.00" "folio 1" appears "Trade-Marks, Patents, etc." in ink. That's in Tabert's handwriting. Opposite that same line appears the date "July 28, 1911" in Tabert's handwriting. That is under a column headed in print "date," and underneath that printed word "date," and above the date "July 28, 1911," there was written in ink, "1913." Nobody has now written in pencil over the "3" the figure "1" so that "date" appears to be "1911." At the time that entry was made there was a mistake and it was written over as this sheet was a sheet that was copied by Mr. Tabert from the sheet that I kept, as we did not have any ledger of these figures for the L. P. Larson Jr. Company, and when that ledger was installed, which was in January, 1913, Mr. Tabert copied my record off my loose leaf
1582 sheet which I kept, or my book, whatever it was, copied that transaction into the loose leaf to make it conform with the rest of the ledger. As to whether there is also written on that same ledger sheet that I have been reading from, opposite the $1500 credit, the following in ink, "advertising," and under the date originally headed "1913" and now changed in pencil to "1911" in ink "January 2, 1913," I will say no, it is January 2, 1912. That is in Tabert's handwriting. As to whether somebody has written over the "2" in "12," that I have just referred to in lead pencil so as to make it now read differently, I will say it is an entry to be made of January 2, 1913.

(Mr. Aldrich then stated that he would admit the changes. The said ledger sheet was then offered in evi-

(2510) dence by Mr. Mayer, received in evidence, and marked Larson Exhibit 74.)

1582½ (Larson Exhibit #74.)

1583 I believe those pencil changes were made by George Tabert. I don't remember whether I saw him make the
1584 changes. It is back in 1913. I instructed Mr. Tabert to make those pencil corrections on that sheet marked Larson Exhibit 74, but I don't remember whether I was present at the time he did it or not. I instructed him to do it, upon the opening up of the corporation of the L. P. Larson Jr. Company after taking over the assets of the Zulu Manufacturing Company after January, 1913. As a matter of fact, then, that particular sheet of paper now marked Larson Exhibit 74 was not made out at all until after January 1, 1913. It is not a fact that I produced that paper and said before that it is one of the sheets that was used in my loose leaf ledger system prior to January 1, 1913. That sheet was not used in any
1585 ledger prior to 1913. The pencil changes on Larson Exhibit 74 make the entries conform to the truth. They conform to the entries as posted from page 1 of the journal and cash book to the ledger leaf. The original ink date with respect to the advertising in January, as I read it, is January 2, 1913, and it is changed to January
1586 2, 1912. Advertising was turned in to the L. P. Larson Jr. Company on January 2, 1912, to the extent of $1500. That's what the entry in Exhibit 74 means as changed in
(2511) lead pencil. The object of changing the date of that advertising item from January 2, 1913, to January 2, 1912, is to show the exact date when that advertising was
1587 turned into the company. By turning advertising into the company I mean the money was expended by the L. P. Larson Company to the amount of $1,500.00 between the time of early fall of 1911 to January 2, 1912. That entry on that sheet, Exhibit 74, was under cash as the L. P. Larson Jr. Company had $2,500 in cash. And $1,500 was paid out for advertising, for advertising Peptomint chewing gum. It was paid to different advertisers. I can't recall them at this time. The item of $1500 which was expended for advertising I kept a separate account of as I expended it and made one journal entry of the entire amount when it was expended on January 2, 1912. Those expenditures I must still have in my possession and when I can produce it I will gladly do so.

They will show to whom the amounts were paid and the dates.

The item on Exhibit 74, "Trade Marks, Patents, etc. July 28, 1911, $1,000" means that the L. P. Larson Jr. Company paid L. P. Larson Jr. for Peptomint Trade Marks and the use of the Trade Mark $1,000 on July 28,
1588 1911. At the time the patents that were included in that item was a trade mark. I know now and I knew in 1911 the difference between a trade mark and a patent. There were no patents at all owned or acquired by the L. P. Larson Jr. Company in July, 1911. The term "Trade marks, patents, etc." meant nothing except my trade mark. Of the $2500 that I paid to L. P. Larson
(2512) Jr. Company for my stock when it was incorporated I got back $1,000 at once for the trade mark. I did not get the remaining $1500 back. I expended the $1500 for advertising. I now produce a bank deposit book. I think
1590 the first bank deposit book we had was with the Continental and Commercial National Bank of Chicago which was an account with L. P. Larson Jr. Company, May 26, 1913. The L. P. Larson Jr. Company had no account at any bank until it opened an account with the Continental and Commercial Bank in May, 1913. I still say that the L. P. Larson Jr. Company kept $1500 out of the $2500 which I have said I paid in July, 1911. The L. P. Larson Jr. Company had $1500 in my possession. I had it in the form of cash. I still say I paid to the L. P. Larson Jr. Company $2500 in cash for that stock. I gave the L. P.
1592 Larson Jr. Company $2500 in cash, not a check, because it did not have a bank account to deposit the check in. I kept the $2500 in currency in my possession for the L. P. Larson Jr. Company. I don't know whether I kept it in my bank, but I was good for it, and I have the cash any time the L. P. Larson Jr. Company should call for it. I must have kept the money in a bank. I don't remember what bank. I believe I personally had a bank account July 28, 1911, or in July, 1911, out in Fremont, Nebraska—First National Bank of Fremont, Nebraska, and the Commercial National Bank of Chicago. I don't know as to how the transaction transpired other than I
1593 purchased $2500 worth of the L. P. Larson Jr. Com-
(2513) pany's stock for $2500, and I, being the entire stockholders, you could say I had it in trusteeship. I could

not turn the $2500 over to anybody but myself. The money never left my custody. I say I paid $2500 for that stock to the L. P. Larson Jr. Company even though one dollar never went out of my hands in that transaction because I was the L. P. Larson Jr. Company and its agent. As to whether there was an account opened anywhere on the books of the L. P. Larson Jr. Company charging L. P. Larson Jr. with this $2500 I point to the entry as made when the $2500 was paid in, "cash to capital stock." L. P. Larson Jr. was the president and treasurer of the corporation, and kept the $2500 cash
1594 for the L. P. Larson Jr. Company. The entry to which I have reference is on page 1 of the journal, Exhibit 73. That does not mention L. P. Larson Jr.'s name. As to whether there is an account or any entry anywhere on any of the books or records of the L. P. Larson Jr. Company charging me with $2500 received July, 1911, or with any part of that $2500, I will say there is not anything but a cash entry. No L. P. Larson Jr. enters into it only as it is paid out by cash by the corporation. I am not referring again to the first entry on page 1 of Exhibit 73. I am referring to the second entry where L. P. Larson Jr. Company paid in cash to L. P. Larson Jr. for trade marks, patents and copyrights $1,000. The entry reads verbatim:

"Trade Mark Patents & Copyrights T 1000
Cash C 1000
(Paid L. P. Larson Jr. for Peptomint trade mark) and use of name exclusive."

(2514) That is the entry which I said shows that I got part
1595 of that $2500. If I had died the books would show that I had $1500 of the L. P. Larson Jr. Company after pay-
1596 ing L. P. Larson Jr. $1000. The first two entries on Larson Exhibit 73, page 1, would show that. I read both those entries in full. As to whether there is anything in either of those two entries which indicate that I had at any time in my possession $2500 that belonged to the L. P. Larson Jr. Company or that I had any part of that money in my possession I will answer yes. As to how
1597 those two entries show that, I will say that the L. P. Larson Jr. Company on July 28, 1911, had on hand cash $2500 which was paid to it for capital stock in the corporation. If I had died on August 1, 1911, the accounts

of the L. P. Larson Jr. Company would indicate that I had in my possession money belonging to it or that I owed the L. P. Larson Jr. Company money. As to the request to point out any such entry, I will say the treasurer of the L. P. Larson Jr. Company would have on hand $2,500 in cash less the $1,000 they paid to L. P. Larson Jr., or $1,500 in cash. If I died on say July 28, 1911, or July 29, 1911, it would show that the treasurer of the L. P. Larson Jr. Company had that money on hand.

1598 I was treasurer at that time. As I read or translate the entries in the books and records of the L. P. Larson Jr. Company, I as president or treasurer or both of the L. P. Larson Jr. Company had $2500 that represented the capital stock of that company. I continued to hold that in my capacity as president and treasurer until it was

(2515) expended. $1,000 was the first part of the $2500 that was expended. That was expended on July 28, 1911, but the L. P. Larson Jr. Company for the trade mark Peptomint and the exclusive right to use the name. L. P. Larson Jr. got that $1,000. In other words I turned in the Peptomint trade mark to the L. P. Larson Jr. Company at a valuation of $1,000 on July 28, 1911. That was the date the L. P. Larson Jr. Company was incorporated.

1599 When the L. P. Larson Jr. Company paid $1,000 for the Peptomint trade mark it got for the $1,000 the Peptomint trade mark the exclusive use of the name. I don't remember whether the Peptomint trade mark was registered. I have no explanation to make if in fact my application to register the Peptomint trade mark had not been made or filed until after July 28, 1911, because I sold the trade mark of Peptomint with a circle and bar through it and exclusive use of the word "Peptomint," what I possessed in it, to the L. P. Larson Jr. Company.

1600 The sale of Peptomint gum began in the spring of 1911, the early spring of 1911, and on July 25 the first order of any consequence was placed with the Zulu Manufacturing Company for Peptomint chewing gum, by L. P. Larson Jr. Company, L. P. Larson Jr., president, written to the Zulu Manufacturing Company, 29 South Clinton Street, Chicago. I have the written order before me, which I have produced.

(2516) (Mr. Mayer offered the said document in evidence, it was received in evidence, and marked Larson Exhibit 75).

1601 (Larson Exhibit #75).

That order is in my handwriting. All the ink writing on it is mine, except "Larson Exhibit 75" which has been put on it by the stenographer. The L. P. Larson Jr. Company applied for a charter before July 28, 1911, and we started using the name.

(Mr. Aldrich conceded that there were no directors elected of the L. P. Larson Jr. Company until July 26, 1911.)

1603 I swore to the amended aswer filed in the suit in the United States District Court, in which this accounting is now pending, on behalf of the L. P. Larson Jr. Company, the suit began on October 27, 1911, by Wm. Wrigley Jr. Company. It was sworn to before A. G. Loveless, a Notary Public then in the office of my lawyer, Charles H. Aldrich, on April 13, 1924. I knew as much about the facts then as I do now. I then swore that I denied that the defendants, including L. P. Larson Jr. Company, first began the sale of Peptomint chewing gum in October, 1911, but on the contrary that they had sold Peptomint chewing gum in cartons and wrappers and in the trade dress set out in the complainant's bill herein since July, 1911, and had built up a lucrative business therein which was growing rapidly.

(2517) I believe that statement to be true. That answer was
1604 the joint and several amended answer of the L. P. Larson Jr. Company and of myself individually. It looks as if the five words on page 1 of Larson Exhibit 73, that is, the journal and cash book reading "trade marks, patents and copyrights" and which I say indicate that a thousand dollars was paid therefor by the L. P. Larson Jr. Company to me, are written in a place where there was an erasure. I haven't any doubt about it. As to whether I know what was erased, I will say I believe that we put "trade marks" only on there and we wanted to have the full term "trade marks, patents and copyrights" as we had formerly carried in the Zulu Manufacturing Company's books. I don't remember other than the word "trade mark" was alone put on the space where the erasure is shown and "trade marks, patents and copyrights" are shown. The letter "T" on the line where it says "trade marks, patents and copyrights" means it was posted to Trade Marks, Patents & Copyrights. I will produce all the papers that have any refer-

ence to any of the items on page 1 or 1-A of my com-
1606 bined journal and cash book marked Larson Exhibit 73. The letter "C" in the second item on page 1 of the journal, Larson Exhibit 73, opposite the word "cash" and before the figures "1,000" shows that the entry was made under cash in the ledger. That ledger item is on Larson Exhibit 74. I have already testified that Larson Exhibit 74 was not made until after January 1, 1913. I believe the first entry made in the journal, Exhibit 73,
(2518) was July 28, 1911. The entry pertaining to the payment of $1,000 for the trade mark was made on July 28, 1911. As to what Larson Exhibit 74, the loose ledger
1607 sheet, was copied from, I cannot say whether these items were posted before the year 1913 or whether this was copied from a ledger leaf that I kept, but there being only two items on the book during the year 1911, it was not necessary to keep a ledger to show those two items. I don't remember, in fact, that I kept a ledger in 1911. I don't remember whether the L. P. Larson Jr. Company kept a ledger in 1912. My best recollection as to whether or not the L. P. Larson Jr. Company kept any ledger account in 1911 or 1912 would be that there was only two accounts for 1911. There was no ledger account made of them. The business of the L. P. Larson Jr. Company in 1911 was such as not to require the keeping of
1608 any ledger. The same thing was true in the year 1912. The L. P. Larson Jr. Company first opened ledger accounts in 1913 about the time it took over the gum business from the Zulu Manufacturing Company. Larson Exhibit 74 is the first ledger sheet that was ever made by L. P. Larson Jr. Company if it was not a copy made from another ledger sheet. I don't know for sure if I had a little ledger, I had several little books that I kept my different accounts in, ledger journal, cash book and such like. Now, whether I used one as a ledger and posted these accounts and had that transferred from there or whether this item was posted January, 1913, from the account in Larson Exhibit 73, I don't know. I haven't
(2519) those little books, journals and thing that I have been
1609 talking of here. Those are the books I could not find last night. I presume they are in our files and records in the company, and I worked till half past one last night going over our files and records and did the very best I could.

(Mr. Mayer then requested the witness to produce any books or records or journals pertaining to any business done by the L. P. Larson Jr. Company which he had not already produced, and which were either kept by himself personally for their account or kept by anybody else, as the witness made a memorandum).

The memorandum of the items which I say were paid out for advertising prior to January 2, 1912, advertising Peptomint and amounting to $1500 are in with the same records that I personally kept the account for the L. P. Larson Jr. Company when I had the $2500 less the $1,000 that I paid out for the company, which record I say that I was not able to find last night. I had spent considerably more than $1,500 for advertising L. P. Larson Jr. Company's Peptomint gum prior to January 2, 1912. I only got $1,500 from the L. P. Larson Jr. Com-
1610 pany on January 2, 1912, instead of the exact sum I had paid out for it for advertising prior to that date, because I owned the entire stock of the L. P. Larson Jr. Company and all they had on hand was $1,500 and I kept an account of what they owed me besides that. That account is in the records that I have referred to before. The only moneys that were received by the L.
(2520) P. Larson Jr. Company from any source at any time in 1911 or 1912 were the $2,500 which I said was paid for its stock when it was incorporated. But it received moneys prior to January 1, 1913, for the sale of merchandise. The records of the L. P. Larson Jr. Company's sales prior to January 1, 1913, and the moneys received therefor, as I explained before, is in the rec-
1611 ords that I personally kept for the expenditures of the L. P. Larson Jr. Company. I mean to say that sales were made by the L. P. Larson Jr. Company prior to January 1, 1913, and the records thereof were not kept in this combined journal and cash book which has been brought here as Larson Exhibit 73. There were no other books and records kept by the L. P. Larson Jr. Company prior to January 1, 1913, besides those I have produced here. I cannot say yes or no to the question as to whether the books and records that I have produced are the ones kept showing any business done by the L. P. Larson Company prior to January 1, 1913. I have to make an explanation.

I acted as agent for the L. P. Larson Jr. Company and

also had charge of the Zulu Manufacturing Company and all sales that it was necessary to make under the L. P. Larson Jr. Company on account of its name being on the Peptomint package was held and controlled by me for the interests of the L. P. Larson Jr. Company. My-
1612 self and my agents that I personally had out for the good of the L. P. Larson Jr. Company in furthering the
(2521) Peptomint gum were the persons who made sales of the gum, in July, August, September and October, 1911, and did the talking when the sales were made. By saying agents I personally had out as my agents to further L. P. Larson Jr. Company's gum, I mean those persons I had out were my agents, that I had employed them to carry on that personal, individual Peptomint business in 1911 which I yesterday said I was conducting. When those agents that were employed by me personally made sales of Peptomint gum, those were sales made on behalf of my personal, individual business for the inter-
1613 ests of the L. P. Larson Jr. Company. I mean to say this: I personally, L. P. Larson Jr., will put an ad in the paper saying that I want sales people to further the sale of a certain chewing gum, to apply at a certain address. I will have 24, 30 or 50 applicants. I will employ 10 of those applicants and give them each twenty-five to fifty dollars according to the distance they have to travel and twenty or twenty-five dollars worth of samples, that I will send out through different territories and to promote the sale of the Peptomint chewing gum. That was the situation in July, August, September and October, 1911. The orders that these persons employed by me got were filled. My sales people collected the money from those persons that bought the gum during that
1614 time. They remitted those moneys personally, to me. I kept an account of those moneys. With those moneys I paid for the gum to the Zulu Manufacturing Company which they made for me, and I paid for the expenses.
(2522) Let me explain now so you understand me. I will send samples out with a man in a certain territory. I will further ship five cases of gum, bills of lading attached to each one. That's my personal, individual business I am talking about. I would attach a bill of lading to each one. He would go out and sell one case of gum and as soon as he got the money for that he would go back to the station or to the bank and pick out the next

draft and pick up the next case of gum and that's the way he proceeded. That business was done by me personally at no profit to further that kind of business. I personally continued to do that kind of business until the injunction of the Wm. Wrigley Jr. Company in No-
1615 vember, 1911. But let me answer further. I also worked late nights, every night, myself, doing the same kind of business up to January, 1913, on my own behalf. When I testified yesterday to having some ten or twenty-five sales people working for me I referred to the salesmen who were selling gum in my individual business that I have just described. Those sales people made sales of Peptomint gum in July, August, September, October and November, 1911, up to the time of the injunction; and they would collect moneys for the gums they had sold, and they would remit those collections to me personally and I used that. I didn't use that money in my personal, individual business. I used it to further the interests of the L. P. Larson Jr. Company. I mean by that that I would take that money and pay the Zulu Manufacturing Company for the cost of the gum and I would pay the
(2523) expenses of this individual business I was conducting.
1616 I have not had bookkeeping experience enough to keep such sets of books as were actually kept for the Zulu Manufacturing Company and the L. P. Larson Jr. Company. I know enough for debits and credits in bookkeeping. I have a general knowledge of bookkeeping. The records and accounts of sales of Peptomint gum from July 28, 1911, until January, 1913, were kept in the books showing my own personal, individual business. It was not my own individual business. It is not for the interest of the Zulu Manufacturing Company. It was for the interest of the L. P. Larson Jr. Company. The Zulu Manufacturing Company sold Peptomint gum, they sold it in the interest of that corporation which I owned. There was a contract between the L. P. Larson Jr. Company and the Zulu Manufacturing Company. I have shown
1617 it on the letterhead of the Universal Distributing Company, which Van Vechten, Bruckner and myself organized. That was merely a request by the L. P. Larson Jr. Company to the Zulu Manufacturing Company to make up and deliver twenty-five cases, that's one hundred boxes to a case, of gum wrapped in peptomint labels at $25.00 per case. Those one hundred boxes were delivered by

the Zulu Manufacturing Company to the L. P. Larson Jr. Company. I believe they were delivered about July, 1911. They were paid for by L. P. Larson Jr. as treasurer to the Zulu Manufacturing Company. In other words in 1911, July or August, the L. P. Larson Jr. Company paid the Zulu Manufacturing Company $625.00 for those 25 cases of gum.

(2524) There is no memorandum on this cash book which I have produced here, Larson Exhibit 73, which shows
1618 any such payment. For the reason I explained before, that this gum, I acted as agent for the L. P. Larson Jr. Company and used this gum in promotion work, in advertising and in trusting Tom, Dick and Harry as I employed them over the United States to further the interests and sales of Peptomint gum. I don't want to correct anything because I testified a few minutes ago and yesterday that I was conducting a business as an individual in my own personal, private behalf separate and apart from the L. P. Larson Jr. Company. I have sold gum myself personally to different drugstores in the city in cases where I could carry the account as a jobber. I do not think any correction was necessary because of the fact that I testified yesterday that during 1911 I was conducting an individual gum business and had individually employed ten to twenty-five employes to travel for me and that I paid them.

1619 The third entry on page 1 of Larson Exhibit 73 is "January 2, 1912". So far as my knowledge serve me, I will say that all the items on page 1 and page 1-A of this combined journal and cash book, Larson Exhibit 73, were written on the dates that they purport to have been written.

(Mr. Mayer then offered in evidence pages 1 and 1-A of Larson Exhibit 73. They were objected to by Mr. Aldrich on the ground of immateriality and incompetency. The objection was overruled and the Exhibits
(2525) were admitted in evidence and marked Larson Exhibits 76 and 77).

1621 (Larson Exhibit #76).

1622 (Larson Exhibit #77).

1623 The records of the salesmen that were employed in 1911 in the sale of Peptomint gum are included in the records I referred to where I kept a personal account

for the L. P. Larson Jr. Company. When I produce them here they will show the names of the salesmen that I actually shipped the gum to, and to the best of my recollection will show the quantities of the samples and the dates of the sale of gum.

I will not say that the $1,500 item on Larson Exhibit 76 means that I kept $1,500 of the $2,500 to reimburse me for advertising for the L. P. Larson Jr. Company; as treasurer of the L. P. Larson Jr. Company I had
1624 $1,500 on hand. As L. P. Larson Jr. as an individual I did not take it away from myself as treasurer of the L. P. Larson Jr. Company and keep it for myself as an individual. I kept it for the L. P. Larson Jr. Company. As to whether I kept it for the L. P. Larson Jr. Company after January 2, 1912, that was the time that they reimbursed me to that extent for what advertising and promotion work I had done for the L. P. Larson Jr. Company. I did not have that $1,500 after January 2, 1912. That was gone before that time. The L. P. Larson Jr. Company did not have on hand January 2, 1912, more than $1,500. The L. P. Larson Jr. Company on January 2, 1912 was in debt to L. P. Larson Jr., its
(2526) president, for furthering the sale of its Peptomint gum prior to the injunction of the Wm. Wrigley Jr.
1625 Company. The L. P. Larson Jr. Company had paid out more on January 2, 1912, than it had taken in. I advanced money to the L. P. Larson Jr. Company prior to January 2, 1912, to the extent of several thousand dollars, but to be correct on that I would like to have the records which I personally kept before the interests of the Zulu Manufacturing Company were taken over. Those are the records that I referred to several times. As to whether I paid out more than $1,500 to the L. P. Larson Jr. Company over and above the proceeds that were taken in for sales of gum, I will say I expended considerably more than that for advertising and promotion work prior to January 2, 1912. I expended several thousand dollars more than that. I have a personal record of that, which I would be glad to produce. I will have it at the next session. There were no records of the L. P. Larson Jr. Company which showed that it owed me any money.

1627 The next item on page 1 of Larson Exhibit 75 reads

"January 6, 1913

Treasury Stock	T	97,500.00	
Capital Stock	C		97,500.00"

As to whether the entry just read was made at a different time from the first entry on the Exhibit, I could better answer that question when I find my private records because it may be that I kept these records exactly as you see them in a book for the L. P. Larson Jr. Com-
(2527) pany and transfer them onto this book which may have been the case, but to serve my best recollection the entries were made according to the dates as you see them. It is not a fact that everything written on page 1 of Larson Exhibit 76, and everything written on page 1-A of Larson Exhibit 77, was written about January 1, 1913, or about the time when the Zulu Manufacturing Company's gum business was taken over by the L. P. Larson Jr. Company and that the purpose was to show the payment of the capital stock of the L. P. Larson Jr. Company.

The "T" in the entry last read from Exhibit 77 means posted to treasury stock in the ledger of the L. P. Larson Jr. Company. I haven't that ledger account here. I will produce it. The next line reads

"Capital Stock C 97,500.00".

That refers to a ledger posting. I haven't that here. The next line on Larson Exhibit 76 reads

"Trade Mark Patents & Copyrights	T	37,500.00
L. P. Larson Jr.	L	37,500.00"

I haven't the entries indicated by "T" and "L". The balance of the last item on page 1 of Exhibit 76 says: "Copyright on Peptomint Display Stand issued to L. P. Larson Jr. July 30, 1912, by United States of America Patent Office No. 3078". As to whether that means that the L. P. Larson Jr. Company got nothing for the $37,500 of its capital stock except trade mark, patents and copyrights, I will say it was a display stand, and to my best recollection there was a large stock of stands which were
(2528) turned over to the L. P. Larson Jr. Company together
1629 with a copyright for the Peptomint display stand. It there had been a stock of display stands turned over, that journal entry would not necessarily have shown it and not have been limited to copyrights. If the entry had

been properly made, it would not have been limited to the trade marks, patents and copyrights. On the face of it the entry indicates that the L. P. Larson Jr. Company received nothing for $37,500 of its capital stock other than trade mark, patents and copyrights. As to what were those trade mark, patents and copyrights or as to whether they were any other or different than the trade mark, patents and copyrights for which I got $1,000 from the company on July 28, 1911, I will say I only got $1,000 for the Peptomint trade mark July 28, 1911. The other trade marks referred to in that $37,500 item is the copyright for a display stand which I have here with me. That item refers to no other trade mark, only the copyright of this display stand. By "this dis-
1630 play stand" I mean the pasteboard stand about a foot high and about six or seven inches wide and in the center of which there is a strip cut out about an inch and a quarter wide and behind it are contained packages of gum. The copyright of the display stand just described is the one that's referred to in Larson Exhibit 76 as being number 3078. I have produced one of the display stands here. I have the copyright papers from Washington on that display stand. I haven't that copyright here, but I will be glad to produce it. There is a copyright notice on the display stand. "Copyright 1912. L P Larson Jr.
(2529) Company." That is visible by pulling the label down. There were labels pasted in part over the copyright notice so that the copyright was not visible when I was
1631 asked to point it out. The copyright is signified by a "C" with a circle around it. "1912. L. P. Larson Jr., Chicago". The copyright was taken out by me personally and not by L. P. Larson Jr. Company.

As to whether I gave the L. P. Larson Jr. Company
1632 anything for $37,500 of its capital stock other than that copyright, I will say that I had personally contracted I believe for 100,000 of those display stands in the spring of 1912, and personally purchased them for the furthering of the L. P. Larson Jr. Company's Peptomint gum, and I don't remember what compensation I got for the display stands from the company other than the stock I received therefor. I conceived the idea of that display stand with the help of some New York people, in the winter of 1911 and 1912. The first order we gave for this display stand was, to the best of my recollection in the

spring of 1912. It was given to a large printing concern and a cardboard concern that did the combination of the work. That was in Chicago. The only exact data I can get is my personal records of where I furthered the interests of Peptomint gum. I turned over the entire stock of these display stands which I didn't use, to the L. P.
1633 Larson Jr. Company. I don't know how many there were. As to whether I bought those to give away for advertising purposes, I will explain that. I gave the whole half box of gum and a display stand to the merchant to
(2530) display on his counter to advertise my product. I gave one to each merchant. I don't know how many I had left that were turned over to the L. P. Larson Jr. Company. My personal records ought to show. As to what I paid for those display stands, I could look it up, to be
1634 correct. I can say this: This display stand was bought much cheaper in 100,000 lots than when I bought the first order, which I think was 10,000. To the best of my recollection the first order for 10,000 was given in the spring of 1912. Another order on top of that was placed for 100,000. I don't remember whether I placed both orders with the same party. My records, I am pretty sure, will show that the first 10,000 order was given for printing to one concern and the cardboard to another. This this concern said, "Larson, there is a big piece of money in this for me. Let me do all the work." And he set up a factory of his own independent of his other business to manufacture these alone for me and he did the cardboard work and printing and everything.
1635 At any rate, the L. P. Larson Jr. Company didn't get anything for the $37,500 in stock excepting the copyright for that display stand and such stock of the display stands as I had on hand. These display stands that I had ordered, the 10,000 in the first order and the 100,000 in the second order, were used by me in the conduct of my own personal, individual Peptomint gum business prior to January 6, 1913. That is, acting as agent for the L. P. Larson Jr. Company and my personal interests, which was the L. P. Larson Jr. Company.
(2531) I will say the entire transaction was that of the L. P.
1636 Larson Jr. Company instead of saying it was on behalf of myself personally. For this reason, that I have to this day moneys due me from merchants that I trusted with

gum that they never paid me for that I took upon myself personally to pay for that gum and trust these merchants. There was Peptomint gum sold by me in July or August or September or October, 1911, which, if the buyer had not paid for it, I understood I personally would have had to sue for. In other words, the purchase price belonged to me, individually, personally and privately; that it was in the conduct of that personal, private, individual business that I bought and used the display stands that I have referred to until I turned the balance over sometime in 1913.

I believe I made the erasures which appear on Larson Exhibit 76, being page 1 of my journal under the name "L. P. Larson Jr." and under the date "July 30", and under "$37,500" in the last entry or item. They were made in January, 1913. I don't remember why, only that I wanted a correct record of the true account. As
1637 to whether the list of items on Exhibit 77, page 1-A of my journal is the same as the list of items on page 16 of the L. P. Larson Jr. Company's corporate minute book which had been offered as Larson Exhibit 70, it has been a long time since I examined those. I would like to check them over to be sure.

The first item on each is "Accounts Receivable 8688.14". To the best of my recollection, some of those
(2532) accounts were put by me where I had carried personal accounts for the sale of Peptomint chewing gum. I believe that account included moneys due to me personally, individually on account of Peptomint gum that had been sold to me in my personal, individual gum business. I don't know what part of it. To the best of my knowledge the records which I am going to produce should show that.

1638 Another item is "Advertising 15,966.85". The "A" opposite the word "advertising" on Larson Exhibit 77 means it was posted to advertising account. I have got that account here. The sheet I now hand Mr. Mayer is one sheet of the same general form as Larson Exhibit 74. It is the Advertising and Promotion Sheet of the L. P. Larson Jr. Company's ledger that was made January 2, 1912, I think. I think it was made by Tabert. I don't know now anything about Tabert. I don't know whether he is the man that made the pencil changes on Larson
1639 Exhibit 74, but I think so. I don't remember what busi-

ness he was last in. I don't know where he lived when I last heard of him. I don't know where he is now. Don't know anything about him. I think the words "advertising and promotion" at the top of the Advertising and Promotion Sheet are in Tabert's handwriting.

(Mr. Mayer offered in evidence the said Advertising and Promotion Sheet; they were received in evidence and marked Larson Exhibit 78).

1640-1640¼ (Larson Exhibit #78).

(2533) Referring to Larson Exhibit 78, the merchandise
1641 credit under date of April 25, folio 50, $966.16 is an item where gum has been returned to us that was sent out for advertising and promotion that advertising and promotion received credit for. I should say that would be April, 1912. The ledger account, Larson Exhibit 78 shows the first advertising and promotion account that was kept by the L. P. Larson Jr. Company itself but not by me as agent. I would say that that is the first advertising account kept by the L. P. Larson Jr. Company. That's Exhibit 78. That began January 2, 1912, and takes in the entire years of 1912 and 1913. This item of
1642 $15,966.85, reading the second item on Larson Exhibit 78, was posted into this account showing 1912 where it actually should be 1913, being omitted the same as it is above, April 25, opposite it. I can't say that credit of $966.16 on Larson Exhibit 78 stands for April 25, 1913. I mean to say that the second item of the debits on Larson Exhibit 78, being sundries in January, 1912, $15,-966.85, was an entry made in 1913 and not in 1912. The entry purports, as written on Exhibit 78, to have been made in January, 1912, by the omission of the year by the bookkeeper.

1643 The third item on Exhibit 78 reads: "Merchandise Pur. $367.13", which is posted from folio 17. I have folio 17 here. That item is from the merchandise book. I haven't that book here. I will produce it.

The second item on Larson Exhibit 78, sundries, $15,-966.85 debit, was dated in January, and as originally
(2534) written it was January 2. And the January 2 was in ink, January being ditto marks. Somebody has written a "6" in pencil over the "2". I know who did it and when it was done and why it was done. It was done here on the original entry. It shows here "January 2, 1913". This entry must have been put in here on January 6. We

are holding our meeting on January 2nd and being changed to the 6th was done after that and the bookkeeper, not having changed it and noting it later on, made the changes. The bookkeeper, I think, was Tabert. All I mean to say by my last answer is that Larson Exhibit 77 shows that it was originally January 2, 1913, and was afterwards changed to January 6, 1913, and in order to conform to that change, a similar change was made in Larson Exhibit 78 in the second item on the debit side. But the year there was omitted where it should say 1913. By the year there I mean that in Larson Exhibit 78 the second item should be January, 1913, instead of January, 1912.

1644 The fourth item on Larson Exhibit 78, "Cash 85.02", is posted from page 12 of the journal, Exhibit 73 for identification. I don't seem to be able to find it on page 12
1645 of Larson Exhibit 73 for identification unless it is an amount that will be added together. The item "Advertising $85.02" appears on the last column on page 12 under "Advertising $85.02". The amount of $85.02 is charged to advertising. That's all I know of it. I don't know whether my books will tell where the advertising was inserted.

(Mr. Mayer then asked Mr. Larson to prepare a state-
(2535) ment showing how much was spent for advertising by or for or on behalf of the L. P. Larson Jr. Company by years separately, showing where such advertisements were placed and how much they cost. Mr. Aldrich objected on the ground of immateriality and irrelevancy. The master stated that he thought the Wrigley Company was entitled to make this proof, but that they did not have a right to require Mr. Larson to prepare tables from his books for his information. Mr. Aldrich then said that if the Wrigley Company desired this evidence he would try and get it).

1646 Thursday, April 24, 1919.
10:30 o'clock A. M.

With respect to the gum business which I testified I conducted on behalf of myself personally and individually I have here only the papers of the L. P. Larson Jr. Company since January 1, 1913, and such records that I was able to gather together prior to January 1, 1913. I have

also records of the L. P. Larson Jr. Company since July 28, 1911. With respect to my own personal, individual gum business which I have referred to, I have found Patent Office registration of print for Peptomint chewing gum of July 30, 1912, which is marked for identification Larson Exhibit 79. With respect to my personal individual gum business, I have here a contract entered into on August 22, 1911, with the Berger Machine Company for wrapping machines, together with a sight draft.

(2536) (The said contract which was dated August 22, 1911, between the Berger Machine Company and L. P. Larson Jr. Company was marked for identification Larson Exhibit 80. The sight draft which was dated August 23, 1911, drawn by Berger Machine Company on L. P. Larson Jr. Company for $700.00 was marked for identification Larson Exhibit 81).

As to whether there are any other books or records pertaining to my personal or individual gum business, I will say I have made every possible search for papers relating to the business I individually did for the L. P. Larson Jr. Company from the period of the inception
1649 of the business of L. P. Larson Jr. Company since 1911 and what I did as the agent for the L. P. Larson Jr. Company up to January 1, 1913, and I have only found such records as I have produced and as have just been identified. The last time I had occasion for the personal records of the business that I did for the L. P. Larson Jr. Company and which the L. P. Larson Jr. Company did was in the spring of 1914 when I had Mr. Aldrich file an amended answer to the bill that Wm. Wrigley, Jr. Company brought against me in 1911. I want a little more time to find these records. I have not had the time. I worked last night and I got up early this morning and here are records back in 1911 that he is asking for. I moved my residence three times and I moved my factory four different times and I am doing everything I possibly can to get those records together.

1650 I know that where I am working for a corporation
(2537) that whatever I do in conducting the business of that corporation I am doing as its agent. I understand that where there is a large corporation or a corporation where others are interested, even though I may be financially,
1651 personally interested in that corporation, still whatever business I attend to pertaining to the corporation is the

corporate business and not my own, personal, individual business; but a corporation of this size and the intention of only using—incorporating the company of L. P. Larson Jr. Company for the use of a special brand of gum like Peptomint gum which I wanted to use the name L. P. Larson Jr. Company on, I regarded that corporation as wholly and solely belonging to me and nobody else interested in it, figuring some day when I had the business built up that I could go to large capital and say "Here is what I have got and I want so much for the good will I have built up."

I have testified several times in this case that in the year 1911 the Zulu Manufacturing Company dealt in Peptomint gum. That answer was correct. I say that
1652 the Zulu Manufacturing Company manufactured and sold Peptomint gum in 1911. I have also testified that in the year 1911 the L. P. Larson Jr. Company handled Peptomint gum. I have also testified that in addition to those two companies handling Peptomint gum in 1911, I myself, also in 1911, dealt in Peptomint on my own personal, individual behalf, and that testimony was true and I don't wish to modify it. I also testified, and the testimony was correct, that during the year 1911 I personally on my own personal, sole, individual behalf had advertised for sales
(2538) people and had employed from perhaps ten to about twenty-five sales people who went out and sold Peptomint gum on my own personal, individual behalf. I don't wish to modify that in any way except to say that I employed these people to sell Peptomint gum. Whether they understood that they were working for L. P. Larson Jr. personally or whether they were working for the L. P. Lar-
1653 son Jr. Company made no difference to me.

I also testified that during the year 1911 the Zulu Manufacturing Company and the L. P. Larson Jr. Company, and in addition to that I myself personally on my own private, individual, personal behalf, were selling Peptomint gum. That testimony was absolutely correct and I don't wish to modify it.

I also testified that these three concerns, viz., myself as an individual personally, a private dealer in gum, and the Zulu Manufacturing Company and the L. P. Larson Jr. Company were not in competition in the sale of Peptomint gum at any time in 1911. They were co-operating. That testimony was correct and I don't wish to modify it.

I also testified yesterday that I had certain journals and books in which I kept memoranda of the sales of Peptomint gum and the moneys that were received therefor, and I was requested to have these books and records here this morning. I have made every effort to find them and up to this time I have not had enough time to produce
1654 them. As to what is my best estimate as to how long it will take me to find them, I will say I ought to have at least a day to look over my files at the factory, and I ought
(2539) to have a day to go to the different concerns and attorneys that were interested in my cases to see what papers I have left with them, so I should say I ought to have three days. I have left with an attorney, journals and sales books or cash books showing business done by me personally on my own sole, individual behalf in the year 1911. The only books or papers or documents which I have been able to find in the time at my disposal and bring here which have any reference to the personal or
1655 individual gum business conducted by me on my own personal, individual behalf are the three documents marked for identification Larson Exhibits 79, 80 and 81.

(Mr. Mayer then offered in evidence the three documents in question. Mr. Aldrich, at Mr. Mayer's suggestion, admitted that the document marked Exhibit 79 for identification, is nothing more or less than a certificate by the Acting Commissioner of Patents of the United States No. 3078, certifying that on April 29, 1912, L. P. Larson Jr. of Chicago, Illinois, deposited in the Patent Office for registration a print, the title of which is "Peptomint gum" and that certificate is dated the 30th day of July, 1912, and affixed to it is a piece of cardboard in substantial shape and containing a picture of the front or display side of the display stand to which the witness testified yesterday. Mr. Aldrich at the same time stated that
(2540) he objected to the materiality of the paper.

At Mr. Mayer's suggestion, Mr. Aldrich also stipulated that Exhibit 79 Sheet 2 is a correct photograph of the display stand which was referred to by the witness, suggesting that in the stand there is a recess to hold the actual sticks of gum while in the photograph that Mr. Mayer offered there was only a picture of the stand when full.

1656 Stipulated, subject to objection, that copies may be inserted in the record in lieu of the originals upon consid-

eration that the originals shall be available whenever
1657 needed before the Master or any court who may hear the case.

Said Patent Office registration of print for Peptomint chewing gum of July 30, 1912, theretofore marked for identification was offered in evidence by Mr. Mayer. It was received in evidence and marked Larson Exhibit 79.)

1658-58½ (Larson Exhibit #79).

1659 (At the same time the contract between Berger Machine Company and L. P. Larson Jr. Company theretofore marked for identification Larson Exhibit 80 was offered in evidence by Mr. Mayer. It was received in evidence and marked "Admitted".)

1659 (Larson Exhibit #80).

(2541) (The sight draft dated August 23, 1911, drawn on
1661 L. P. Larson Jr. Company by the Berger Machine Company for $700.00 theretofore marked for identification Larson Exhibit 81 was then offered in evidence by Mr. Mayer. It was received in evidence and marked "Admitted").

1662 (Larson Exhibit #81).

1663 Larson Exhibit 80 is a contract whereby the Berger Machine Company was to sell a rotary wrapping machine for $2,500, $700.00 to be paid in cash with order and $1550, the balance, within thirty days after date of delivery. The machine was delivered to 29 South Clinton Street. I remember the time but I can't give the date. The time was about ten days before the injunction was brought against me by the Wm. Wrigley Jr. Company, against the L. P. Larson Jr. Company. The injunction I refer to was the injunction issued by Judge Carpenter in the suit to
1664 which I have referred. The injunction was issued a few weeks after the suit was brought. The machine was delivered between the day when the Wrigley Jr. Company filed a bill for injunction to restrain my using the Peptomint gum label and the issuance of that injunction by Judge Carpenter. If the bill was filed October 22, 1911, the machine was delivered shortly after October 22, 1911. I tested it and found it not entirely satisfactory. The machine was paid for. It was a long time after the in-
(2542) junction before we used the machine.

The capacity of the machine was about 280,000 sticks of
1665 gum a day. We were using Peptomint chewing gum in that machine exclusively. That machine could not be

used for other kinds of gum that we were making at that time. That was because the only other kind of gum we were making at that time was this Zulu Vending Machine gum, and that had different dimensions from the Peptomint gum. This wrapping machine was made for the purpose of wrapping gum of certain dimensions. Those dimentions fitted the Peptomint gum but not the Zulu Vending Machine gum. It would, of course, have wrapped any other gum that had the same dimensions as the Peptomint gum, even though you called it under some other name. Peptomint gum was no being sold for use in vending ma-
1666 chines, but was put on the market in packages of five sticks each. The package of Peptomint gum turned out by this machine was like the package of gum appearing in the display stand. I will hand counsel for the Wrigley Company two packages of gum from the display stand. I haven't a package here of the Peptomint gum as it was originally put out in the first instance. In order to furnish counsel of the Wrigley Company with such a package I would have to have some packages made up. I have a photograph of it, but not here. I saw one at our office last night which I can produce it. I will produce it.

1667 I personally was the first to put out the Peptomint gum.
(2543) I mean on my own behalf I was the first person to sell any Peptomint gum. I bought the machinery of a gum plant east of Michigan Avenue and between Randolph and the Bridge where I manufactured Peptomint gum before the Zulu Manufactured Company manufactured Peptomint gum. Whether that factory in Michigan Avenue was known as the L. P. Larson Jr. Company or L. P. Larson Jr., I don't remember.

1668 I first dealt in Peptomint gum on my own personal behalf in the early spring of 1911. It was before the incorporation of the L. P. Larson Jr. Company which I said
1669 took place July 28, 1911. The fact of the case is that I used the word "Peptomint" under a label which I can introduce here that I didn't use in conjunction with the trade mark. The trade mark I am talking about is the trade mark I first got, the trade mark as you see it there without the word "Peptomint" on it. I have before me Larson Exhibit 79. That's the original registration of my Peptomint gum print. I don't know whether that contained a photograph of this display stand I have here and of the Peptomint gum which I registered.

(Mr. Mayer offered in evidence the display stand. It was received in evidence and marked Larson Exhibit 82).

1670 As between myself, the Zulu Manufacturing Company and the L. P. Larson Jr. Company, I personally was the first to put Peptomint gum on the market. That was done by me on my own personal, private and individual behalf. I did that business under merely the plain letters of

(2544) Peptomint. I don't remember what manufacturer's

1671 name was put on the package. I will produce the labels this afternoon. I don't know how long I personally on my own individual behalf dealt in gum on the brand of Peptomint before the Zulu Manufacturing Company or the L. P. Larson Jr. Company handled any gum under that name. It was not years, it was months before or something like that. For some months before or something like that I, on my own private, personal, individual behalf, was dealing in Peptomint and conducting a business that belonged to me personally. The Zulu Manufacturing Company and the L. P. Larson Jr. Company both began dealing in Peptomint gum at the same time. I manu-

1672 factured the first gum put out under the name of Peptomint, which was used in my own private, individual business over in that Michigan Avenue factory.

I did not lease the factory there on Michigan Avenue. The man that had the factory had a lease on it and I took it over, and when the lease expired I took it over to 29 South Clinton Street. I don't remember when the lease of that Michigan Avenue property expired. When it expired I moved the plant and equipment over to 29 South Clinton Street. The Zulu Manufacturing Company was then doing business at 29 South Clinton Street. Had been doing business there for sometime before that. I don't know whether at the time I moved that Michigan Avenue plant to the premises of the Zulu Manufacturing Company, 29 South Clinton Street, the L. P. Larson Jr.

(2545) Company had yet begun to do business.

I never conducted any business under the name of L. P. Larson without the name of "Junior", affixed to the same. I always had the "Junior" affixed to my name.

1673 I never remember anything else. The records will show that away back. I have always been known and always signed my name, and always transacted all business matters under the name of L. P. Larson Jr. I don't remember now, when I moved the Michigan Avenue plant over

to the Zulu Manufacturing Company's plant or office at 29 South Clinton Street, whether I discontinued the manufacture of gum myself and had the Zulu Manufacturing Company make this Peptomint gum for my own, personal, individual use. I don't remember when the Zulu Manufacturing Company took over the manufacture of Peptomint gum. I know the Zulu Manufacturing Company
1674 took over the manufacture of Peptomint gum for the L. P. Larson Jr. Company, but I can't say as to what time it was. I believe it was immediately after the time I moved the Michigan Avenue plant to 29 South Clinton
1675 Street. It is my recollection that after I personally discontinued manufacturing Peptomint gum at the Michigan Avenue premises for use in my individual business the Zulu Manufacturing Company continued to manufacture the Peptomint gum for my personal, individual business and that that factory was at 29 South Clinton Street. As to how long the Zulu Manufacturing Company continued to manufacture Peptomint gum for use by me in my own
(2546) personal, private, individual business will say that I bought gum as any other individual could and marketed it. I did not market it for myself personally but for the good will of the L. P. Larson Jr. Company. The L. P.
1676 Larson Jr. Company manufactured Peptomint gum. I don't remember when it first manufactured that brand of gum. It might have been before or after it procured this wrapping machine from the Berger Machine Company. I have books and records which will give those dates. I have such a book here.

That's a minute book of the L. P. Larson Jr. Company. I believe the payroll book or the production book of the L. P. Larson Jr. Company or the cash book would ordinarily contain information of that type. I have such a book here. That's Exhibit 73. As to the period of 1911, I have no others.

Thursday, April 24, 1919.
2:00 o'clock P. M.

1677 I have brought the labels that I first used when I first began selling Peptomint gum. I have just handed coun-
1678 sel for the Wrigley Company five such labels. They are all alike.

(Mr. Mayer offered in evidence said label of Peptomint gum. It was received in evidence and marked Larson Exhibit 83).

Larson Exhibit 83.

(2547) Said Larson Exhibit #83 is an entirely white label
1678 on which is printed all in brown letters the following:

PEPTOMINT

Trade Chewing Gum Mark
Guaranteed by L. P. Larson Jr. Co.
Under the Food and Drugs Act, June 30, 1906
L. P. Larson Jr. Co.
Chicago

(2548) Exhibit 83 is one of the labels which I first used in the conduct of my personal Peptomint chewing gum business. Exhibit 83 is an exact and correct copy in all respects both as to color, paper, appearance and printed matter of the original Peptomint gum labels which were first used.
1679 Exhibit 83 was wrapped around one stick of gum. Those labels were used by me long before I started to manufacture the Peptomint gum. I did not use a label like Exhibit 83 before I began to deal in Peptomint chewing gum. The first Peptomint gum that was dealt in by either the L. P. Larson Company or Zulu Manufacturing Company
1680 was manufactured by me at the Michigan Avenue premises. But the Ripe Fruit Gum Company manufactured chewing gum for the Zulu Manufacturing Company, and I had some gum made up by the Ripe Fruit Gum Company under a Peppermint flavor which I wrapped in those white papers. I don't now say that the Zulu Manufacturing Company was handling gum under the name of Peptomint before I began to deal in it on my own personal behalf. I did not just testify that the Ripe Fruit Gum Company manufactured this chewing gum for the Zulu Manufacturing Company on which those Peptomint wrappers, Exhibit 83 were wrapped before I personally began to deal in Peptomint gum. I did testify that the Ripe Fruit Gum Company made a Peppermint flavored gum, not Peptomint, a Peppermint flavored gum which I individually purchased and wrapped in those white
1681 papers. By white papers I mean Exhibit 83.

(2549) The purchase of the Michigan Avenue plant was made by me for my own personal individual benefit. The Ripe Fruit Gum Company never manufactured Peptomint gum. They never manufactured Peptomint gum under

that wrapper. They manufactured all kinds of chewing gum for different people and I bought a Peppermint flavored gum which I wrapped up in that paper. Then before I bought the Michigan plant I put on the market a chewing gum which was wrapped in labels like Exhibit 83. The chewing gum which I saw wrapped was manufactured by the Ripe Fruit Gum Company, before I bought the Michigan Avenue plant. As a matter of fact the first gum I ever put on the market under the label of Peptomint was
1682 made by the Ripe Fruit Gum Company. I don't know when that was other than it was in the spring of 1911 or winter, say January, February or March of 1911. I was not interested in the Ripe Gum Fruit Company. I was an entire stranger to the concern so far as pertains to any financial interest. The Ripe Fruit Gum Company was composed of Enswinger and his son. That concern is not still in business. When the Ripe Fruit Gum Company first made this gum which I put on the market under the label Peptomint, I put the labels on the gum. I don't know who printed the first Peptomint gum labels. I ordered them printed. A very small lot of that label was printed and I don't remember where I had the work done. I had that small lot printed about the time I began to
1683 buy gum from the Ripe Fruit Company. I personally wrapped the gum which I bought from the Ripe Fruit
(2550) Gum Company with this Peptomint label. I did that at 29 South Clinton Street, which was the office of the Zulu Manufacturing Company. I am speaking of the spring of 1911. At that time the L. P. Larson Jr. Company was not yet in existence. I had used the name L. P. Larson Jr. Company and fully intended to incorporate it. As a matter of fact when I first began to use this label, Exhibit 83, I used the name of a corporation that was not in existence. I knew it was not right, but my intentions were the best. I carried out those intentions as soon
1684 as I could. I know when I was buying gum from the Ripe Fruit Gum Company which I was wrapping in those Exhibit 83 labels that the so-called Pure Food Act, that is, the Food and Drugs Act of June 30, 1906, made it necessary to put down truthfully the name of the manufacturer or person dealing in the article. That was the reason I had printed on label, Exhibit 83, the words "Guaranteed by L. P. Larson Jr. Company." I knew at that time there was no such concern in existence.

The Ripe Fruit Gum Company did not manufacture, always, the Peptomint gum that I used in my individual business. The L. P. Larson Jr. was the next person or company or institution that manufactured for my personal use the gum which I marketed under the name of Peptomint. That manufacturing was done at the Michi-
1685 gan Avenue place that I have already testified about. The address of that was 115 East South Water Street. So that whenever in this record I have been referring to a place that I bought out on Michigan Avenue I meant the
(2551) place at 115 East South Water Street. That is near Michigan Avenue. East of Michigan. The building was on Michigan Avenue but you walked down East South Water Street and come up that way. I conducted that business at 115 East South Water Street under the name of L. P. Larson Jr. Some people may have understood it was L. P. Larson Jr. Company, but I individually
1686 handled it. I handled it on behalf of my own personal, individual interest. I believe I used a label like Exhibit 83 on all the Peptomint gum that I handled which was made for me by the Ripe Fruit Gum Company. I didn't use the same label, Exhibit 83, on all of the gum that I myself manufactured at 115 East South Water Street and which I put on the market under the name of Peptomint gum. I discontinued using that label, Exhibit 83, when I got the inside wrappers and the outside wrappers for Peptomint gum, which was at the period when I started to manufacture the gum myself at 115 East South Water Street. During the time that I was using the labels like Exhibit 83, each stick of gum was wrapped in waxed paper and Exhibit 83 wrapped around the wax paper,
1687 which contained a stick and then five sticks put together with a rubber band around it. There was no other paper or label aound any package of five sticks excepting that which I have just described. There was a rubber band around it. There was no counterband around those packages. I continued to market Peptomint gum wrapped in the way I have described only a couple of weeks.
(2552) The first change that I made in the wrapping or labels used in connection with Peptomint gum was the package that the Wm. Wrigley Jr. Company got the injunction against me on. In the next package after Exhibit 83 the gum was wrapped in pink individual sticks and a counterband of white paper printed in red and green. I have a

picture of that changed label or package, which I will pro-
1688 duce. It is here in this book which I now produce.

It is a scrap book. It contains the general forms that the L. P. Larson Jr. Company and Zulu Manufacturing Company used. I found it in the junk heap in our basement, and I produce it today only. There is nothing in that that I don't want counsel for the Wrigley Company to see now. The scrap book has an index, and then pages numbered, the first being numbered 1 and the last 242. I have not examined it to see whether the pages are con-
1689 secutive. I have looked through that book now and can't tell apparently whether it purports to have pasted in it any samples of the different kinds of stationery and billheads and printed matter of the Zulu Manufacturing Company and the L. P. Larson Jr. Company.

(Said scrap book was marked for identification, Larson Exhibit 84).

The L. P. Larson Jr. Company used coupons in connection with the sale of this gum. Generally speaking, its
(2553) method of doing business included the selling of gum in conjunction with articles of merchandise, silverware and articles like that. The L. P. Larson Jr. Company did not deal in those articles of merchandise that were sometimes sold in conjunction with chewing gum separate and apart from chewing gum. We were using these articles of merchandise in connection with the sales of chewing gum as a sort of an advertising method and so as to push the sales of chewing gum. As far as I know, we did not keep separate accounts of the sales of those articles
1690 of merchandise that accompanied gum. I believe I am familiar in a general way with the prices at which the Wrigley Company was selling its gum from time to time. I knew the prices at which the Wrigley Company was selling its Doublemint gum only from what I heard from sales people. As to whether I, as a merchant engaged in the same line of business, had information which I believed to be correct with respect to the prices at which the Wrigley Company was selling its Doublemint gum from time to time, I will say not particularly Wm. Wrigley Jr. Company's, all brands of gum had a general price of about $44.00 a case. I don't think I was posted from time to time as to the price at which the Wm. Wrigley Jr. Company was selling its Doublemint gum. I was not interested only here recently. As to whether Doublemint and

Wintermint gum came into competion at any time, I will say yes.

(Mr. Mayer then asked the witness whether he didn't sell Wintermint gum at a price less than the Doublemint gum
(2554) was being sold by the Wm. Wrigley Jr. Company. Mr.
1691 Aldrich objected to that question on the ground that it didn't bear on the question as to whether or not the Canadian and Australian business should be included in the accounting. Mr. Mayer then offered to prove that during a substantial portion of the accounting period and during the entire period of 1914, for which the Wrigley Company was accounting, and during the entire year of 1915 and during the year 1916 the L. P. Larson Company's Wintermint gum was sold by it at a net price less than the net price at which the Wm. Wrigley Jr. Company was selling its Doublemint gum during the same period. Mr. Aldrich objected to the receipt of the evidence. The master said he would take the testimony subject to the objection).

Peptomint gum, in 1911, was 44 cents a box to the jobber. By a box I mean 20 packages of five sticks each. There were other inducements or gifts or presents that we made in making the sale. That was for advertising
1692 only. It was free goods. By free goods I mean gum which I gave to the jobber for nothing when he would buy a certain quantity of the Peptomint gum. There would be different kinds of free goods. In some cases we would give a jobber 100 boxes for nothing to give one box to each one of his customers, which we considered advertis-
(2555) ing, and then again we would make an inducement to a jobber to push our gum, we would give him one box with every five boxes. We didn't have any uniform rule in that respect. 44 cents to the jobber for our Peptomint gum was uniform throughout 1911. As to my means of selling Peptomint gum in 1911, I would say I had the co-operation of the jobbers' salesmen and what sales people sold Peptomint gum. I mean my own personal, individual salesmen. I have the jobbers' salesmen some-
1693 thing for making or helping to made sales of Peptomint gum in 1911. We gave the jobbers' salesmen 10 per cent or 5 cents a box for each box that was sold. The jobber would pay us 44 cents and the jobber's salesman would make a report to us and in return we would pay the job-
1694 ber's salesman. In connection with the sale of Pepto-

mint gum in the year 1911, we also gave banners for displays in windows and ribbons to tie boxes to make a display of things of that kind. We did a lot of advertising. By banners, I mean by that is a display, when we had a window display we would buy different colored paper which we made banners out of and made a display in the window. Those involved only small amounts. It had nothing to do with the net price of 44 cents. We used that as advertising. The banners I am talking of were made out of paper. This banner account was spent by men and women that had our gum in certain towns, they would give a merchant 15 or 20 boxes of gum for his window and they would go out and buy the paper and ribbons and such like
(2556) and decorate the merchant's window. These display goods, banners and ribbons, were paid for by me. I must
1695 have bought the merchandise some place. It cost me money. The salesman would buy the papers or banners and make decorations. The money for that came out of our pocket. When I can find the records and papers I will gladly show you the number of disbursements, or letters from salesmen or entries of payments made to salesmen because or on account of any such disbursements for banners or window displays. Without having that before me I cannot tell what amount was spent in 1911 by my salesmen for such purchases. I allowed the jobber in 1911 a discount from the 44 cents per box for Peptomint gum. The discount was two per cent ten days, thirty days net.
1696 There was no other discount other than such discount as we would allow for advertising. The advertising discount would be allowed to the jobber for certain publicity that he guaranteed to do. The jobber would put on specialty people to further our goods only where he would allow a ten per cent commission or five cents a box to them. I said I paid the jobbers' salesmen 10 per cent, that there have been occasions where we have arranged with the jobber in his territory to do this work himself. I have that kind of arrangement in 1911. I cannot name the jobbers. I will be glad to report when I get my records. The personal record that I kept for the L. P. Larson Jr. Company in their behalf and mine will show everything. If I had present here all these books that I have not yet had time enough to bring here I will be able to tell exactly
(2557) what the selling price was to the jobber of the Pepto-

mint gum during the different periods, that is, in 1911 and again in 1912 and again in 1913 and so on.

1698 Exhibit 83 is my first Peptomint chewing gum label. I said I would produce it at the next hearing, that is, a copy of the label which I first used after changing Exhibit 83. I have that picture here. It is on a blank letterhead pasted on page 5 of Larson Exhibit 84 for identification. That letterhead has in the upper lefthand corner a picture of a package of Peptomint gum. That shows five sticks of gum, each wrapped separately in pink paper, and a counterband around the outside of the five sticks, a little bit shorter than the length of the sticks, so that the picture of the sticks project a little bit beyond each end of

1699 the counterband. I haven't any more of those letterheads, so that they can be offered in evidence. I believe that is the only literature that contains pictures of that package of Peptomint gum shown on page 5. That particular package then, which I say represents the second method of wrapping Peptomint gum has already been correctly described excepting as to the counterband. The counterband is made of white paper, and on the front or face of the package there is a green bar extending from a point near the upper right hand corner diagonally down toward a point near the lower left hand corner. And conspicuously printed across that bar in white letters appears the word "Peptomint", and that bar cuts through or di-

(2558) vides the red circle. And the only part of the circle that's visible is a sector of it above the word "Peptomint" on which sector there are written in white letters

1700 the following "L. P. L." And there appears below the bar the lower segment of the circle and printed thereon appears in white the word "gum". On the lefthand side of that counterband and also on the right hand side at each end of the bar there is a picture in green of three mint leaves. Then above the left hand mint leaf there is printed in red ink the word "Delicious". And below that and just below the left mint leaf in red is printed the word "Trade." The word "Mark" is printed beneath the bar and the word "Delicate" in red is printed beneath the right hand mint leaf. There has now been described the top or front part of that counterband. Then the side of that package has a picture of a green bar on which there is printed in white the following "A lasting flavor".

And underneath that on green or greenish paper there is printed the following, "L. P. Larson Jr. Co., Chicago".

1701 (Letterhead of L. P. Larson Jr. Company, having at the upper righthand corner a picture of a package of Peptomint gum, was offered in evidence by Mr. Mayer, received in evidence and marked Larson Exhibit 85).

1701½ (Larson Exhibit #85).

1702 Exhibit 85 appeared on the upper left hand corner of a letterhead which contains nothing except the following: "L. P. Larson Jr. Co., Peptomint Chewing Gum, 29 South

(2559) Clinton Street, Chicago". I used that method of wrapping and the labels and the counterband as disclosed by Larson Exhibit 85 up to the time the Wrigley injunction was brought against us on November 20, 1911. There were only two kinds of labels used prior to the injunction for Peptomint gum and two kinds of wrapping for that gum, and I have fully and completely described the both. Following the injunction I changed the label and the wrapping for Peptomint gum. I changed it so as to substitute for the individual pink wrapping paper around each stick a purple or heliotrope colored paper, individual wrapper around each stick. There was nothing printed

1703 on the first label used by me, Exhibit 83, excepting on one side. In my second method of wrapping Peptomint gum where I used pink individual stick wrapping paper, each individual stick had a waxed paper and then it was wrapped in pink paper with the advertising or the word "Peptomint" printed on each individual pink paper. The first package of Peptomint gum put out contained altogether only five sheets of paper, with the waxed paper also it would make it ten pieces of paper. When I first started to use Peptomint gum each stick was wrapped in waxed paper besides being wrapped in the label marked Exhibit 83. In other words, there were ten pieces of paper used in each five stick package of Peptomint when I first put it on the market. The next change added one sheet of paper, namely, the counterband, and that counterband was substituted for the rubber band theretofore used.

(2560) Referring to Exhibit 85, the second method of wrapping Peptomint gum, as I remember it, the trade mark "Peptomint" was printed on the individual pink sheets, and also about the same printing matter as appears on the

1704 counterband. I have not been able to find any of those pink labels.

Referring to the changed label which I first adopted, following Judge Carpenter's injunction, I still continued to wrap each package of five separate sticks of gum in eleven papers. The color of the individual wrapper was changed from pink to a color I would call purple. At the time I changed from pink to purple and changed the counterband, I changed it to that which I now have before me. The package which I have now before me is not the
1705 package that I am still using. Following Judge Carpenter's injunction I changed the counterband from red, white and green, as already described in the record, as it appears on Exhibit 85, to a gilt paper. On that gilt paper I changed the coloring of the green bar on Exhibit 85 so that the white word "Peptomint" appearing thereon appeared on a purple bar instead of a green bar. I retained the two segments o fthe red circle above and below the bar, and the printed matter appearing in those two segments remained the same as in Exhibit 85. I took off the word on Exhibit 85 "Delicious" and the word "Delicate" and substituted the words "Larson's. It's pure." I also
(2561) put on the new counterband the picture of a hand in white pointing to the words "It's pure". I have about ten packages having counterbands which I adopted following the injunction. I have no objection to putting
1706 in the record a copy or sample of these counterbands which I adopted following Judge Carpenter's injunction.

(Mr. Mayer then offered in evidence the complete packages of chewing gum removed from Exhibit 82, being the outside wrappers and five wrappers for the individual sticks, the gum having been removed, this being the form of package used by L. P. Larson Jr. Company for Peptomint after the injunction by Judge Carpenter. Said counterband and individual stick wrapper were received in evidence and marked Larson Exhibits 86 and 87, respectively).

1706 (Larson's Exhibits 86 and 87).

1707 I have been talking about the eleven sheets of paper in each five stick package of Peptomint gum put on the market following and as a result of Judge Carpenter's injunction. In addition to those eleven sheets of paper there were coupons in those packages of Peptomint gum,

one coupon in each five stick package. The coupon I now produce is such a coupon.

(Mr. Mayer offered in evidence the said coupon. It was received in evidence and marked Larson Exhibit 88). (Larson Exhibit #88).

1707 It is a coupon exchangeable by the L. P. Larson Jr. Company for one Rogers guaranteed teaspoon if 5 such coupons and 5 peptomint gold bands with 10c in stamps are mailed to the Larson Company.

(2562) Those coupons just offered in evidence were first
1708 used in December of 1911 or the spring of 1912. It was after the injunction of Judge Carpenter. I have not been constantly using the same kind of coupons as the one which is offered, Exhibit 88, since I began the use of them. I don't know how long we used it. I don't remember approximately. I don't know whether I kept a separate account of the business I did in these coupons. We have not got that coupon since the law was passed in different states prohibiting the use of coupons. We didn't know just what the law was, only prohibiting the use of coupons. That coupon gives the address of L. P. Larson Jr. Company as 23-29 South Clinton Street. Those are the same
1709 premises that I theretofore referred to as being at 29 South Clinton Street. We kept an account at one time I know of the coupons, and what became of that record I don't know. We don't now do any coupon business. We have not done any since the time the different states passed a law in regard to coupons. I would fix the time approximately when I discontinued the last coupons of whatever kind as 1915 or 1916. I always treated the coupon as an advertising expense in the promotion of my goods. It was a means adopted by me to invite persons to buy my gum. Page 1 of Larson Exhibit 84 for identi-
1710 fication has two sheets pasted thereon. It is a circular letter to the trade sent out to the jobbers' salesmen by the L. P. Larson Jr. Company.

Today is the first time I have seen this record book.
(2563) This is kept by someone of the employes that had some initiative about him, and to my surprise, I don't know anything about it, but I am familiar with the things that are pasted in there, and as to the time this particular circular letter went out, it seems he has a date here of March 4-4 which meant 14 I suppose. Somebody has written in lead pencil on the upper righthand corner of that

circular letter 3/4/4. I notice the letterhead of L. P. Larson Jr. Company, 321-323 North Sheldon Street. We moved from 29 South Clinton Street in the spring of 1913, I believe. I know then that that circular letter was not
1711 used before the spring of 1913. On the top of page 1 somebody has written in ink "Quality advertising campaign". I don't know whose handwriting that is. I have not read those two circular letters pasted on page 1 of this book, Larson Exhibit 84 for identification. It was not the first advertising done by the L. P. Larson Jr. Company.

(Mr. Mayer then stated he would offer in evidence the two circular letters on page 1 of Exhibit 84. Mr. Aldrich objected on the ground that it was immaterial and irrelevant and not pertinent to the subject then under investi-
1712 gation. One of these letters so offered in evidence by Mr. Mayer was received in evidence and marked Larson Exhibit 89).

1712 (Larson Exhibit 89).

(2564) (The second of these letters was also offered in evi-
1713 dence by Mr. Mayer, was received in evidence and marked Larson Exhibit 90).

1714 (Larson Exhibit #90).

We were at 321 North Sheldon Street one year. Exhibit 89 does not show we were offering 15 per cent trade discount to the jobbers' salesmen. It reads: "We will allow 15% trade discount on all Drop Shipment Deals and Assortments and will quote you a price on our Peptomint and Wintermint Jars for stock at $2.20 each in case lots containing 12 jars, freight paid."

That paragraph was to the jobber. Exhibit 89 is a circular letter for jobbers' salesmen whereby we induce them to sell our gum on the drop shipment plan for our house. After reading the letter I will state that this letter is to the jobber. We offer the jobber a 15% trade
1715 discount on Peptomint gum. Larson Exhibit 90 was sent to the jobber. It shows that we were allowing the jobber 15% trade discount. Exhibit 89 also shows it.

I have testified before that I allowed the jobber 2% off in ten days. I don't want to correct that testimony. I will explain it. You see this last quotation here where it says "We will allow you 15% trade discount on all Drop Shipment Deals and Assortments and will quote you a price on our Peptomint and Wintermint Jars for stock

at $2.20 each in case lots containing 12 jars, freight paid."
(2565) We sold our gum for 55 cents, the same as Wrigley, to the retail trade and we have allowed to the jobber 15% off or $2.60 or 55 cents a box which we would get, in that case, something around 46 or 47 cents a box.

On page 4 of Exhibit 84 for identification there is a picture, a L. P. Larson Jr. Company billhead. That has
1716 a picture of a package of Peptomint gum. That was the package used with the gilt band. It does not show the gilt band as it is only one color work. On page 6 of Exhibit 84 for identification there is a letterhead of "Zulu Manufacturing Company, 126-128 West Illinois Street, Manufacturers of high grade chewing gum, Spearmint, Peppermint and Fruit flavors, Chicago". That's all there is on the letterhead.

The Zulu Manufacturing Company was at 126 and 128 West Illinois Street in the spring of 1914. I moved to that place from 321 North Sheldon. 126 and 128 West Illinois Street is the same building as 501 North LaSalle Street. The writing, "3/1/15" in red pencil on that letterhead, I suppose, means March 1, 1915. I don't know whether it means to indicate the time when that particular style of letterhead was adopted. The building at 126 and 128 West Illinois Street has an entrance which leads to the second floor on Illinois Street and another entrance which leads to the first floor on LaSalle. When the Zulu Manufacturing Company moved, in the spring of 1914 from 321 Sheldon Street to 126 and 128 West Illinois Street the L. P. Larson Jr. Company moved to the same
(2566) place as to whether the L. P. Larson Jr. Company and the Zulu Manufacturing Company at all times when either had any office or place of business occupied the same premises, I will say, principally. They were always in the same building, but the office of the Zulu could be in one
1718 end of the building and the L. P. Larson Jr. Company in another end of the building. The actual fact is that they were always together. The L. P. Larson Jr. Company at no time had any office or place of business other than or separate or apart from the office or place of business of the Zulu Manufacturing Company. I used the word "principally" before because there was a number of customers buying Zulu gum that did not know of the L. P. Larson Jr. Company concern. My purpose in using a different address on the stationery of the Zulu Manu-

facturing Company from that on the stationery of the L. P. Larson Jr. Company was not necessarily so as to lead to the belief that the two concerns were separate or occupied different premises. As to what other reason there was for giving different addresses, I will say because the entrance of the Zulu Manufacturing Company was on Illinois Street and the entrance of L. P. Larson Jr. Company was on the corner of LaSalle and Illinois. If you went in on LaSalle Street you would not get to the
1719 office of the Zulu Manufacturing Company just exactly the same as if you went in on Illinois Street. The entrance on Illinois Street lead to a different entrance than the entrance on LaSalle Street. The entrance on Illinois Street lead to the second floor of the building.

(2567) The Zulu Manufacturing Company had vending machines on that floor and occupied the second floor. The Zulu Manufacturing Company did not occupy the entire second floor. There was a man that manufactured a pop corn crisp that had part of that room. The L. P. Larson Jr. Company did not, so far as I know, occupy any part of the second floor except for the storing of sugar and material of that kind. The entire five floors were occupied at all times by the L. P. Larson Jr. Company and the Zulu Manufacturing Company other than the period that this man had part of the second floor in the manufacturing of his pop corn crisp.

1720 The L. P. Larson Jr. Company paid the rent for those premises, that corner building, Illinois and LaSalle Streets. The L. P. Larson Company was the lessee of the entire premises. The L. P. Larson Jr. company and Zulu Manufacturing Company was all me and there was not anything to the Zulu but what the L. P. Larson Jr. Company had possession of. When I moved from Sheldon and Carroll Avenue to the building on the corner of LaSalle and Illinois Street, known as 126 and 128 West Illinois Street and also as 501 North LaSalle Street, the L. P. Larson Jr. Company took the lease. I don't know of any sub-lease to the Zulu Manufacturing Company of
1721 of the second floor. I don't know anything about any charges made to the Zulu Manufacturing for that floor.

(2568) On page 8 there is a letterhead of L. P. Larson Jr. Company with a picture of a building, on which there is apparently a corner building, on which there is a sign "L. P. Larson Jr. Company" and a flag on top on which the

word "Peptomint" appears. That letterhead gives the address of the L. P. Larson Jr. Company as LaSalle Street, corner Illinois. That letterhead contains a pic-
1722 ture of the building we have been talking about. I don't know what the dimensions of that building are. I don't remember whether we had a sign on the building, and we didn't have that Peptomint flag up there, but we occupied the entire building on the corner of Illinois and LaSalle, except that part of the second floor for a little period. That picture of a building which is shown on the letterhead on page 8 of Larson Exhibit 84 is not what I would say was a correct picture of the building. It is a true picture as far as the first floor is concerned where our Peptomint trade marks are there, but as to the windows, there is more windows on the west side of that building than actually the building shows. I would not say that's
1723 a picture of the bigger building than we actually occupied. I will tell you what it is, it is the building next door that comes up to this entrance right here (indicating), this is our building from here on. These few windows are in a little building they have taken and put on the picture. As a matter of fact then this is a picture of a building larger than the one which we actually occupied. The pic-
(2569) ture shows a building having 14 windows on one side of a floor and 8 windows on the other side of the same floor. The side of the building containing the eight windows faces south. The picture shows the east and west dimensions of the two buildings there. The actual east and west dimensions of the building were, I would say, 65 or 75
1724 feet. The north and south side of the building shown on that letterhead faces west. That west front is an exaggeration. As to whether that west front is an exaggeration of the building as actually occupied by us, I will say it is an exaggeration of not the building occupied by us, but they have the next little building attached to it. As to how many windows there were facing west in that next little building I have been talking about, I will say there were six in the whole building, so that as a matter of fact the picture shows a building containing six windows on each floor not actually occupied by us. Those six windows are part of the 14 windows I have described. I would not say that our building north and south as shown on the picture here is about twice as big as the building

we actually occupied. The one has 8 windows and the other 6 windows. As to whether we have added to our building an addition which contained 6 windows in addition to the 8 windows in each floor of the building occupied by us, making the picture show 14 windows. I will say the photographer did that of his own volition.

1725 (Mr. Mayer offered in evidence the letterhead of L. P. Larson Jr. Company showing a picture of building occu-
(2570) pied by the L. P. Larson Jr. Company, found on page 8 of Larson Exhibit 84. The letterhead was offered, was received in evidence, and marked Larson Exhibit 91).

1725½ (Larson Exhibit #91).

The following is a correct reproduction of the heading or top portion of said Exhibit.

CABLE ADDRESS "PEPTOMINT"

L. P. LARSON JR. CO.

MANUFACTURERS OF

PEPTOMINT PRODUCTS

CHEWING GUM AND MINTS

LASALLE STREET, CORNER ILLINOIS

Sold to

Chicago, Ill.

ADDRESS

SHIPPED TO

ORDER NO.

ADDRESS

TERMS

VIA

EXCHANGE MUST BE PREPAID

SALESMAN

Larson Exhibit 91.

(2571) I would say that the north and south dimensions of
1726 the building which we actually occupied at LaSalle and Illinois Streets were about the same dimensions as the east and west dimensions. We occupied the whole corner building. The business that was carried on there was the manufacturing of chewing gum and selling the same, and the Zulu business; also manufacturing and selling candy mints. The manufacturing and selling of candy mints was a part of the business of the L. P. Larson Jr. Company.

1727 The L. P. Larson Jr. Company didn't do any mint or lozenge business in 1911 or in 1912. We did some in 1913 but nothing to speak of. In 1914 we did some. How much of that building was used for the Wintermint gum business and how much for other lines of business, I will say the Wintermint gum was manufactured in conjunction with our Peptomint gum and other brands that we were making and the gum department occupied the top floor, which was the fifth, and the fourth floor and half of the third floor and the offices and shipping rooms were on the first floor for the gum business. We moved into that building, LaSalle and Illinois Streets in the spring of 1914, and stayed there until the spring of 1918. In the year 1914 the top floor, the fifth floor, was used for the
(2572) manufacturing of chewing gum. The L. P. Larson Jr. Company in 1914, was using the top floor of that building and the fourth floor, solely for the manufacturing of gum. Better than half of the third floor was used by the L. P. Larson Jr. Company for the wrapping of chewing gum. The Zulu Manufacturing Company had their vending ma-
1729 chines on the second floor, and part of that floor was rented by a man making pop corn crisp, and the L. P. Larson Jr. Company stored their sugar and things of that nature for the manufacturing of their chewing gum on the second floor. In 1914 the south half of the building was used entirely for offices, and the north half of the building was used for shipping and receiving room. To the best of my recollection the only offices in the building in 1914 were those of the Zulu Manufacturing Company and the L. P. Larson Jr. Company. In 1914 Peptomint and Wintermint were being made in that building for the L. P. Larson Jr. Company. Then the Zulu Manufacturing Company had gum under its name Golden Fruit and Spearmint, and manufactured the gum for the Zulu vending

machines. Less than three floors of that building were used for manufacturing chewing gum of all kinds. As to whether both the Zulu Manufacturing Company and the L. P. Larson Jr. Company were manufacturing their gums there then, I will say only the L. P. Larson Jr. Company was manufacturing for themselves and for the Zulu.

(2573)
1730

Friday, April 25, 1919.
10:30 o'clock A. M.

I have not had sufficient time to find and produce the various books and records that I was to produce. My attention being drawn to Larson Exhibit 75, an order from L. P. Larson Jr. Company to the Zulu Manufacturing Company for 25 cases of gum wrapped in Peptomint labels furnished by the L. P. Larson Jr. Company at $25.00 a case, at the time that was written the L. P. Larson Jr. Company had an office or place of business at 29 South Clinton Street, but I also had offices at the Commercial National Bank suite 505. By "I" I mean L. P.
1731 Larson Jr. I don't remember whether L. P. Larson Jr. Company have any stationery on July 25, 1911. The Zulu Manufacturing Company filled that order. As to whether I have the books or records here of the Zulu Manufacturing Company showing that order, I have not been able to find any records of the Zulu Manufacturing Company, they having, not with my consent, either been destroyed or laid some place where I can't find them. I have not been able to find any of the Zulu Company's records up to the present time. Yes, I have some records, but they are very incomplete. I don't know whether I have any records for the year 1911. I have some records of the Zulu Manufacturing Company here for the year 1911. That's the minute book of the Zulu Manufacturing
(2574) Company and what other papers were with that. They
1732 are records pertaining mostly to the minutes of the Zulu Manufacturing Company. I have here a record of the Zulu Manufacturing Company's minutes of the stockholders of January 2, 1913. These minutes refer to a proposition of L. P. Larson Jr. bearing date of January 2, 1913. I don't know whether that proposition was in the form of a letter. I have not had a chance to go over this record. I kept, as I said before, the stock book and the

minute book of the L. P. Larson Jr. Company and the Zulu Manufacturing Company myself personally in my private safe and the bookkeeping department didn't have anything to do with them. Those minutes of the meeting of the stockholders of the Zulu Manufacturing Company that I referred to a while ago and which I handed to counsel for L. P. Larson Jr. Company, were minutes of a meeting held at the office, 29 South Clinton Street, on January 2, 1913, at which were present L. P. Larson Jr., L. P. Larson, Sr., E. J. Gutgsell, John C. Hein, Luther C. Larson and R. W. Johnson, and the minutes are signed by the same six individuals and they refer to the ratification of some proposition from L. P. Larson Jr. dated January 2, 1913. They approved of the proposition and instructed the president to make a transfer as stated in the proposition. And then attached to the minutes in question is a typewritten sheet purporting to be the minutes of a special meeting of the directors of the Zulu Manufacturing Company at the same office on January 2, 1913, for the
(2575) purpose of confirming L. P. Larson Jr.'s proposition
1733 of the second of January, 1913, and the minutes are signed by L. P. Larson Jr., L. P. Larson Sr. and E. J. Gutgsell. The signature on those documents are the genuine signatures of the persons whose signatures they purport to be. Luther C. Larson is my brother in
1734 Fremont, Nebraska. R. W. Johnson was our gum maker. He is not still our gum maker. His full name was Robert W. Johnson. When I say our "gum maker" I mean the L. P. Larson Jr. Company's gum maker and L. P. Larson Jr.'s. I paid him personally myself with my own money. That was in the prosecution of my own personal, private, individual business in behalf of the L. P. Larson Jr. Company. He worked for me to start with while I was at the Michigan Avenue place. That Michigan Avenue business was owned by me solely. Nobody else had an interest in it. At the start of the business of the L. P.
1735 Larson Jr. Company I was the sole owner. I was the only stockholder. There was one share, I believe, held by Mr. Haight and one share held by Mr. Brown. The stockholders of the Zulu Manufacturing Company were principally L. P. Larson Jr., L. P. Larson Sr., E. J. Gutgsell, John C. Hein, Luther C. Larson and R. W. Johnson. I don't remember how many shares R. W. Johnson owned. I don't remember how many E. J. Gutgsell owned. The

amount was so small it did not amount to anything. I would say it was about 25 shares of $10.00 each. I don't remember it was as much as a thousand dollars worth of
(2576) stock or two thousand dollars par value. Gutgsell was the secretary of the Zulu Manufacturing company. Later on I believe we put him in as Secretary of the L. P.
1736 Larson Jr. Company. I don't believe he was connected in any way with the L. P. Larson Jr. Company at the time the company was organized. He was connected with the Zulu Manufacturing Company at the time of organization of the L. P. Larson Jr. Company. As to whether R. W. Johnson was the gum maker for the Zulu Manufacturing Company also, I will say I don't remember so long ago. Just what the arrangements were with R. W. Johnson. I don't know what he does now or where he lives or what he is doing. The last time I heard of him he was making gum for himself in Chicago. Gutgsell is not now connected with me. He is with the E. J. Brach company on east
1737 Illinois Street, corner of St. Clair. I understand what it would be for me to personally buy a piece of real estate and take the title in my own name, and I understand what it would be to buy a piece of real estate and take the title in the name of the L. P. Larson Jr. Company.

Referring to Larson Exhibit 75, I said that the 25 boxes of gum ordered from the Zulu Manufacturing Company on July 25, 1911, by the L. P. Larson Jr. Company were delivered. I haven't records, books or documents of the L. P. Larson Jr. Company showing the receipt of that gum. I haven't any books, records or documents which
1738 will show either the manufacture of that 25 boxes of gum by the Zulu Manufacturing Company or its delivery
(2577) to or receipt by the L. P. Larson Jr. Company or a charge against the L. P. Larson Jr. Company for it or a credit for it on the books of the L. P. Larson Jr. Company or the making of any payment therefor. Those records, as I have explained before, were kept by me individually. That order of Larson Exhibit 75 is in my handwriting.
1739 The photograph or the illustration at the top of that Exhibit indicates a type-making machine.
1740 (Exhibit 75 theretofore received in evidence).
1741 That order, Exhibit 75 was written July 25, 1911. To the best of my recollection the Ripe Fruit Gum Company discontinued making gum for me in the early spring or winter of 1911. That corporation was taken over by a

trust, as we express it. I call a trust a combination of interests that took over all the chewing gum manufacturers. The name of that institution I refer to is the Auto Sales & Chocolate Company. I was not interested in that transaction at all or in the Ripe Fruit Gum Company at any time.

Page 11 of Larson Exhibit 84 is a letter gotten up
1742 by one of our people and pasted in here by them. There is no date to it. It was a letter that was gotten up for the intention of advertising our chewing gum by selling it through boys and girls, for five cents a package. We were not to get five cents a package for it. We would send the boys and girls three boxes of Peptomint gum and they would return the full price of $3.00. It states:

(2578) "Please remit to us as soon as you have sold 3 boxes of Peptomint, the full price $1.00 per box, making a total of $3.00. These three boxes of Peptomint gum will be sent to you all charges prepaid."

I don't know whether that advertisement or circular was distributed. The date on it "8/1/14" may be the date they put that circular letter in the book, for all I
1743 know. I can't answer knowingly. I think there might be some reason for the person who pasted those things in this book to make a memorandum of the date on which he pasted them in. Either that or as to the time they were being used. I have no opinion to express as to what the date means. I don't know whether it was a circular letter sent out in 1911 or 1912 or 1913. It has reference to Peptomint gum and has a picture of a package of Peptomint gum on the top of it. It is the letterhead
1744 of the L. P. Larson Jr. Company. It must have been used when we were at 501-503 North LaSalle Street. I say that because the address is there on the letterhead. The earliest that could have been used was in the spring of 1914.

At page 15 of Larson Exhibit 84 for identification there is pasted what purports to be a billhead of the Guarantee Sales Corporation. Some one has written in red pencil on it. The address on that is 501 to 503 North LaSalle Street, Chicago. The Guarantee Sales Corporation is described as "manufacturers and importers". On the same

(2579) sheet, page 15, there is pasted what purports to be an order blank of the Guarantee Sales Corporation. Its address is stated to be at Sheldon Street and Carroll Ave-

1745 nue, and on it is written in red pencil "5/1/13", and on the same page is pasted an advertisement or circular identical with Larson Exhibit 72 for identification, and on the outside of the cover of the circular in question pasted on page 15 of Exhibit 84 for identification, somebody has written in red pencil "5/1/13". The pencil notations on the three documents on page 15 indicate either these invoices or circulars were used or the time they were put into the book.

The Guarantee Sales Corporation was organized by myself and H. S. Vandervoort. This corporation was organized in the spring or summer of 1913 to combine the business of H. S. Vandervoort, who had a vending machine to vend candy, peanuts, and such like, and I personally turned over the vending machines, of match machines and gum machines, to the Guarantee Sales Corporation and Mr. Vandervoort. The match machines and gum machines, vending machines I turned over were the lot of
1746 vending machines known as Zulu vending machines, and the Guarantee Sales Corporation were to take full charge of the vending machine business and also act as a sales corporation for the latter's products in different territories where they had a business in their vending machine business. I mean where the Guarantee Sales Corporation
(2580) worked their vending machines. The Guarantee Sales Corporation did business and had their offices at the same location on the corner of Sheldon Avenue and Carroll Avenue as the L. P. Larson Jr. Company did. The assets of the Guarantee Sales Corporation were later taken over by me and H. S. Vandervoort received all the stock in the Gauarantee Sales Corporation and used that corporation as a selling company to sell the products which he could arrange for, like Peptomint gum. He had the selling of Peptomint gum here in the City of Chicago in the spring
1747 of 1914 and continued up to this day under the name of Guarantee Sales Corporation and in his own name personally as H. S. Vandervoort. I don't think today he is using the corporate name of Guarantee Sales Corporation, as a matter of fact I know he is not. The charter was sold by him to some other people that intended to sell our Peptomint gum, intended to sell the L. P. Larson Jr. Company's Peptomint gum and from that time on he sold and had a contract with the L. P. Larson Jr. Company himself for the city of Chicago. That was not the only

agency contract the L. P. Larson Jr. Company made for the sale of gum. All of the contracts made by the L. P. Larson Jr. Company at any time giving agencies for the sale of any of its gum were in writing. I haven't any of them here.

(Mr. Mayer then asked the witness to produce all contracts whereby the L. P. Larson Jr. Company at any time created any agencies or made contracts with anybody, any
(2581) person or corporation, giving them agencies or rights to sell any kind of gum. Mr. Aldrich stated that these
1748 contracts would not be produced unless the master ordered it. Mr. Aldrich objected on the ground that the examination was immaterial and irrelevant, that the L. P. Larson Jr. Company had agreed to produce the evidence showing what its sales were, and the Wrigley Company had no right to pry into the Larson Company's business to the extent it proposed.

The master ruled that the Wrigley Company had a right to know the localities in a general way in which the Larson Company marketed its gum and had a right to know the volume of the business, but didn't think the Wrigley Company had a right, in order to obtain the information, to inspect private contracts.)

1749 I don't remember whether in the year 1911 the L. P. Larson Jr. Company entered into any contracts giving anybody, any corporation or agency the right to sell any of its gum. I think there was one contract made in 1911 for the New England States by the L. P. Larson Jr. Company. That contract is in writing.

1750 (Mr. Mayer then asked the witness to produce so much of that contract as shows the territory covered. Mr. Al-
(2582) drich stated that the witness would not produce it until the master rules it was necessary.

1751 An argument then took place. Mr. Mayer then asked the witness whether he would submit so much of that contract to the master for his inspection without Mr. Mayer's seeing it so that the master may state in the record what territory is covered in any such contract made by the L. P. Larson Jr. Company in 1911. Mr. Aldrich objected.

(2583) The master suggested that it would be easy to first
1751 ask Mr. Larson and perhaps that would settle the whole question.)

I testified that I turned over to the Guarantee Sales Corporation at the time of its inception in the spring of

1913, certain property, and Mr. Vandervoort turned in some property. The property which I turned in consisted of vending machines and tools and dies. Those vending machines and tools and dies had theretofore been the property of the Zulu Manufacturing Company.

1752 It is not a fact that early in 1913 the Zulu Manufacturing Company transferred all of its gum business and assets and good will through me personally to the L. P. Larson Jr. Company and then shortly thereafter disposed of all its remaining assets to me. To state it correctly, I will say the Zulu Manufacturing Company did not turn over all of its assets in January, 1913. I mean they turned over all that business that pertained to the manufacturing of the chewing gum, and in the spring of 1914, which I saw minutes of here today, the Zulu Manufacturing Company turned over the vending machines and tools (2584) and dies which consisted of their tangible assets to me which I turned over to the Guarantee Sales Corporation. The vending machine assets were turned over to me in the spring of 1914.

1753 The Guarantee Sales Corporation was organized in the winter of 1913 or the spring of 1914. At the time it was organized I turned in as payment for my stock, those vending machine assets. I don't remember the exact time I turned over those assets to the Guarantee Sales Corporation. When I got the vending machine assets from the Zulu Manufacturing Company the Zulu Manufacturing Company had no business or property left except it has trade marks for its Golden Fruit gum, and its charter, and stock of labels and bands and boxes and things like that that they used for the manufacture of their Golden Fruit Gum. In 1914 the L. P. Larson Jr. Company made chewing gum for them, and I don't remember whether the Zulu Manufacturing Company bought the 1754 labels themselves at that time or the L. P. Larson Jr. Company bought them. The Zulu Manufacturing Company did not go out of business, but still continued as a going concern after it transferred its vending machines and machinery and tools to me.

The Guarantee Sales Corporation occupied the same premises as the Zulu Manufacturing Company and the L. P. Larson Jr. Company, and it did business on those premises, and never paid any rent for any part of the

premises, that I remember. I have been talking of the
(2585) premises on the corner of Sheldon and Carroll Avenue.
1754 "Mr. Mayer: Q. Well now, to avoid any misunderstanding, did the Guarantee Sales Corporation at any time occupy any part of the premises at the corner of LaSalle and Illinois?

A. Not that I remember other than like the Zulu Manufacturing Company or L. P. Larson Jr. or L. P. Larson Jr. Company, being practically all of them distributing the chewing gum and the vending machines.

1755 Q. Yes, but they were separate concerns, were they not, and had separate stockholders?

A. I was the it in the whole proposition.

Q. Were you the it—the whole thing—in the Guarantee Sales Corporation? I thought you said Mr. Vandervoort had half of the stock.

A. Not half of the stock.

Q. How much of the stock did he have?

A. I don't know.

Q. How much stock did you have in that company?

A. Way over control.

Q. I beg pardon?

A. Way over the control."

(2586) When that company was organized, its capital stock
1755 was fifty thousand. I do not know how much was paid in or how much I paid in originally. All Vandervoort turned in when the company was organized were the vending machines he had. He didn't get as much stock
1756 as I produced the money to do the business on. I am sure he didn't get the same amount of stock for what he turned in as I got for what I turned in. There was a common and a preferred issue originally. I believe there was thirty thousand of common and twenty thousand of preferred, and that I took, to the best of my recollection, fifteen thousand of common and ten thousand of preferred, and Mr. Vandervoort got fifteen thousand of the common, and ten thousand of the preferred was left in the treasury. I have not the Guarantee Sales Corporation's charters, minute books or records here. The charter was sold by Mr. Vandervoort. To the best of my
1757 recollection he had one-half of the common stock. I still say I was the whole thing in the Guarantee Sales Corporation. I had ten thousand of preferred stock, which was the main stock, and he didn't have any. I can't say

yes or no as to whether the Guarantee Sales Corporation occupied part of the premises at LaSalle Street and Illinois at the same time that the Zulu Manufacturing Company and the L. P. Larson Jr. Company occupied it. Mr. Vandervoort used the Guarantee Sales Corporation in 1911 as a selling corporation, and he occupied offices with us in LaSalle and Illinois Streets. I don't believe either he or the Guarantee Sales Corporation ever paid any rent.
1758 They had no stock of merchandise.

(Friday, April 25, 1919, 2 o'clock P. M.).

I believe I have told all who were the occupants of the building at LaSalle Street and Illinois. I can't tell the
(2587) name of the party who occupied part of the second
1759 floor making pop corn crisp. It was no gum business and had nothing to do with any business I was interested in.

The capacity of the Berger machine referred to in Larson Exhibit 80 was 280,000 sticks a day. In 1911 we only used that machine in the wrapping of Peptomint gum. I
1760 don't recall just how much it wrapped, only the machine was busy all the time. If I have the information at hand, I will be glad to furnish the exact figures of that machine, showing the daily output in 1911. I have the man who ran the wrapping machine working for me today; that is, the man who came with the machine to demonstrate it. I suppose he will know. He hasn't been working for me ever since, but after my business got started again I employed him. There was a record kept in 1911 of the amount of gum that was wrapped by that machine. I don't know whether that record has been preserved. Larson Exhibit 80, the contract under which I bought that
1761 machine, says it is guaranteed to wrap and band from ten thousand to twelve thousand per day, five sticks to the pack. I still say the capacity of that machine was 280,000
1762 sticks a day. The guarantee was that it would wrap 50,000 to 60,000 sticks. I think the capacity of the machine was five times the amount guaranteed because the machine has done that. L. P. Larson Jr. Company had one machine of that kind in 1911. As to how many it had in 1912, I will say, not of the same type but machines that wrapped the gum the same way practically, I believe we had two. I can't say for sure how many in 1913. I believe we had three in 1914. I don't remember how many

in 1915 or 1916. I believe we had four in 1917. There were two gum wrapping machines in 1912. One was this Berger machine and then I personally purchased a Redington machine. The Redington machine was a slower
1763 machine. I don't remember just what the capacity was of that. I purchased that for the L. P. Larson Jr. Com-
(2588) pany, I believe myself on their behalf. In 1911 we
1763 were wrapping Peptomint and nothing else. In 1911 we also had another wrapping machine that was called a Berger machine that wrapped Zulu gum made by the
1764 same concern. As far as the L. P. Larson Jr. Company was concerned, in 1911 it did not have more than one gum wrapping machine. That one gum wrapping machine, as far as I know, did not wrap any other gum than Peptomint in the year 1911. I said that the L. P. Larson Jr. Company in 1912 used two wrapping machines. One of those is the one I have already referred to as having been bought under Exhibit 80. Both machines that the L. P. Larson Jr. Company used in 1912 were used for the wrapping of Peptomint gum. I don't remember whether there was any other gum wrapped on either of those two machines in the year 1912 than Peptomint gum. The second machine was acquired by the L. P. Larson Jr. Company in 1912 because of the increase in the L. P. Larson Jr. Company's business. I don't know of any other reason for the acquisition of that second wrapping machine in
1765 1912. The L. P. Larson Jr. Company purchased the second machine from F. B. Redington & Company. I have a record which will show the date of that purchase. I have that contract for the other wrapping machine which I have seen going over my records and I thought I had it with me, but it must be at my office, which I will be glad to produce at the next hearing. The Berger machine took two operators. The Redington machines took one operator. The largest number of gum wrapping machines that L. P. Larson Jr. Company had at any time was four.
1766 That is today. That condition has been in existence since either 1917 or 1918. In 1911 I was connected with the Universal Distributing Company and Zulu Manufacturing Company and the L. P. Larson Jr. Company, I believe that's all. The gum business which I testified in 1911 was conducting on my own sole, personal, individual behalf, should be included. In 1911 I devoted practically no time to the Universal Distributing Company. It is

not the first time I have referred to that company in my
(2589) testimony. The Universal Type Making Machine
1766 Company was a manufacturing company and the Universal Distributing Company was organized by Mr. Ralph Van Vechten of the Continental Bank and myself. Mr. Ralph Van Vechten, the Vice President of the Continental and Commercial National Bank and Mr. Frank Verbeck and Mr. Bruckner, Vice Presidents of the Continental and Commercial National Bank, organized the Universal Distributing Company. Mr. Ralph Van Vechten wanted to purchase the manufacturing business of the Universal Type Making Machine Company and put me in as general manager of that concern, and the stockholders of the Universal Type Making Machine Company would not dispose of their interests, so Mr. Van Vechten and myself conceived the idea of organizing a distributing company whereby we received the selling end of the Type Making Machine Company's business and we organized a corporation under the name of Universal Distributing Company and took offices in his bank building; that is, Suite 505 Commercial Bank Building. There was no lawyer who had any office in that suite. I don't remember how long
1768 the Universal Distributing Company remained in business. Mr. Van Vechten, Mr. Bruckner, Mr. Verbeck and myself sold out our interests in the selling end of this business and turned it over to the Linotype Company. That was in January or February 1911. After January, 1911 I devoted no time of any kind to the business of the Universal Distributing Company. Prior to that time Mr. Frank S. Verbeck was the sales manager of the Universal Distributing Company and his time was given exclusively to the selling end of the machines. My time was very little of it given to the company. In 1912 I was connected
1769 with no other business except my personal business, the L. P. Larson Jr. Company, and the Zulu Manufacturing Company. In 1913 I was connected with the same concerns, together with the Guarantee Sales Corporation. There were no others that I know of. In 1914 I was connected with the same concerns that I was connected with in 1913. In 1915 and 1916 I was connected only with the
(2590) L. P. Larson Jr. Company and what interests the Zulu
1769 Manufacturing Company had. In those years the Zulu
1770 Manufacturing Company had only a business of what you call a good will, the name "Zulu Manufacturing Com-

pany" having been made very prominent by us all over the world, still had business coming in for their brands of gum and that business, as it come in under the Zulu Manufacturing Company, we filled these little orders under the name of the Zulu Manufacturing Company. Orders that were received by the Zulu Manufacturing Company were exexcuted and filled by the L. P. Larson Jr. Company under the Zulu Manufacturing Company's name. It is not correct to say that persons dealing with the Zulu Manufacturing Company in the years 1916 and 1917 as a matter of fact were dealing with the L. P. Lar-
1771 son Jr. Company but didn't know it. (Mr. Mayer then asked the witness whether the Zulu Manufacturing Company sold any gum in California in the year 1911, to which question Mr. Aldrich objected and the objection was sustained by the master on the ground that it was too remote, the master at the same time stating that he
1772 would admit evidence relating to the business of L. P. Larson Jr. Company that had any bearing on the question as to whether the Australian and Canadian business should be included in the accounting.) I don't know whether the L. P. Larson Jr. Company sold any gum in California in 1913. I have records that will show. I haven't them here. Those records are in existence and I will produce them. (Mr. Aldrich then stated that the L. P. Larson Jr. Company would prepare a statement as soon as it got time, showing just where and when the L. P. Larson Jr. Company sold this gum, and the amounts, and the date of the first sale at each place, if the books showed it. Mr. Mayer stated that in view of that Mr. Aldrich's
(2591) statement, he would not ask any further questions on that.

1772-3 (Mr. Mayer then asked Mr. Aldrich if he would have the statement show the date of the first sale at each place. Mr. Aldrich answered that if the books showed it, he would of course have the statement so prepared.)

1774 I can't tell all the places in which the L. P. Larson Jr. Company made sales of its gum during the year 1913 without referring to my books. That is true with respect
(2592) to any period of time and with respect to the adver-
1774 tisements made by the L. P. Larson Jr. Company. I have no books and records showing all the advertising done by the L. P. Larson Jr. Company. There are records back in 1911 of the L. P. Larson Jr. Company which I

have not been able to find as yet. For instance, the advertising that we did in Omaha, Nebraska, those records which I had evidence of, advertisements in the newspapers, I have not been able to find the bills for. Those personal memoranda that I kept showing moneys that I paid out will show who I paid it to and the amounts. The books I just examined, when I was asked whether I could tell without my book, were the journal and cash book, as I understand it, of the L. P. Larson Jr. Company.
1775 The date of the first entry in that book, Larson Exhibit 73, is July 28, 1911. The date of the last entry is September 30, 1913. I do not know whether that cash book, Larson Exhibit 73, shows all the moneys taken in for all sales for all kinds of gum by the L. P. Larson Jr. Company during the period of time shown in that book. I cannot say whether it is supposed to. That book is a genuine book of the L. P. Larson Jr. Company. I know
1776 of a cash book being kept in the office where people came in and bought goods for cash which cash was put down in a separate cash book. I believe there was a separate cash book of cash sales kept during the same period of time covered by Larson Exhibit 73 for identification. I kept such a cash book beginning in 1911. It is in existence but I have not been able to produce it for lack of
1777 time, and it was one of the records I didn't regard worth anything. It hasn't been destroyed. It was a cash book that was kept by L. P. Larson Jr. in 1911 on behalf of the L. P. Larson Jr. Company. I have with me here the cash book that was used by the L. P. Larson Jr. Company in 1914 next following Larson Exhibit 73. The date of the first entry in that book is October 1, 1913. The date of the last entry is May 29, 1914. (Said cash book just referred to was marked for identification Larson Exhibit 92.)
(2593) I can't tell all of the places in which Wintermint gum
1778 was sold by the L. P. Larson Jr. Company in the year 1913. (Mr. Aldrich then stated that the L. P. Larson Jr. Company would furnish the list of such places up to the date of "the infringement," and that the information after the infringement might have some bearing on the question he thought Mr. Mayer wanted to present to the court, but it would not have any bearing otherwise.)
(2594) The sales which we made in 1913 would not be shown
1779 in the cash book unless the jobber paid for it in 1913. I have not the books here showing the merchandise sales

of 1913. I kept a regular merchandise sales book showing the merchandise sales. That book is in existence but I haven't it here. I have books which will show when I first sold Wintermint gum and every sale made thereafter, the dates of the sale, the name of the person to whom sold, the place where sold, and the price at which sold. I have not the books here which will show those
1780 facts. (Mr. Mayer then asked the witness if he would have at the next meeting a statement showing the sales by the L. P. Larson Jr. Company of Wintermint gum from the date of its inception to November 12, 1918, showing the sales thereof separately by months, and also the date and amount of the first sale of Wintermint gum at each place where it was sold, at the same time specifying the place in each instance. Mr. Aldrich then stated as to whether Mr. Larson would produce such a statement would depend upon the advice he received from
1781 his counsel; then he, Mr. Aldrich, was going to consult with Burt & Company and that he could only say that he intended to have it so made up that Mr. Mayer would have no grounds for complaint. Mr. Mayer then stated that without withdrawing any request already appearing of record for the production of books and documents, he would like present by Monday morning the following information: The monthly sales of all gum by the Zulu Manufacturing Company from the date of its inception to the time it discontinued the gum business, that statement to show separately the monthly sales of
1782 Wintermint gum and the monthly sales of Peptomint gum, and also the date and the amount of the first sale
(2595) of Wintermint gum and of the first sale of Peptomint
1782 gum at each place where Wintermint gum or Peptomint gum was sold, showing also the place where the first sale was made; also a statement showing the following information with respect to the Zulu Manufacturing Company's advertising of gum, viz., all the places where any advertising was done by that company, the monthly amount spent for advertising in each of said places, the date of the first advertisement in each place, the amount paid therefor and the names and brands advertised in every instance; also similar information with respect to sales and advertising of all gum by the L. P. Larson Jr. Company from the date of its incorporation up to and including November 12, 1918; also similar information with

respect to the sales and advertising of all gum made by L. P. Larson Jr. on his own personal, individual, private behalf from July 28, 1911 to and including November 12, 1918. Mr. Mayer also stated that he would also like to have Mr. Larson produce copies of all advertisements, first of the Zulu Manufacturing Company from the date of its inception to the time it discontinued its gum business, and second, copies of all advertisements of L. P.
1783 Larson Jr. Company from the date of its inception up to and including November 12, 1918; and third, copies of all advertisements made by L. P. Larson Jr. respecting his own personal, individual, private gum business from July 28, 1911 to and including November 12, 1918. Mr. Aldrich then stated that he did not admit the relevancy or materiality of Mr. Mayer's request and did not agree to furnish all the information Mr. Mayer had asked for. Mr. Aldrich however stated that all papers that were
1785 then before the master and had been produced at the request of Mr. Mayer would be brought back when the
1786 hearing was resumed. Mr. Aldrich then asked for a postponement of one week to enable accountants to obtain the information asked for from the books and records
(2596) of the L. P. Larson Jr. Company, and in view of the
1786 fact that counsel for the Wm. Wrigley Jr. Company had other engagements during the week of April 28 and postponed some engagements until later, the case was adjourned to Tuesday, May 20, 1919.

(2597) May 20, 1919.

1787 L. P. LARSON, JR. on Direct Examination further testified:

Pursuant to the request of counsel for the Wrigley Company made at the last adjournment to produce certain books, records, papers, documents, statements and information, I have here everything I could possibly find and get together according to the orders. I had all the time I needed to get these things. I have no memorandum of the things that I have brought here. I have brought the advertising bills and accounts that I was able to find, and also have prepared a statement as to the Wintermint sales, which statement is at the Burt Auditing Com-
1788 pany and it will be here in a very few minutes, as they

did not have it quite finished for me this morning, but will have it here very shortly. That's about all that I have except the records that were produced before the last adjournment that we were requested to bring back. Thereupon Mr. Mayer (counsel for the Wrigley Company) asked the witness to let him see the advertising bills and accounts to which the witness has just referred.

1789 (Whereupon Mr. Aldrich objected to any further examination into Mr. Larson's affairs on the ground that he was not willing that matters that antedated the period of the Wintermint gum and pertaining to the affairs of he L. P. Larson Jr. Company should be investigated on the hearing then going on; that such matters are immaterial and irrelevant to any issue that could arise on the reference or to the question which he understood counsel for the Wrigley Company desired to raise, namely, that

1790 the L. P. Larson Jr. Company was not in position, either financially or by reason of capital, equipment or experience, to have extended its Wintermint gum business to Canada and Australia; further that he—counsel for the L. P. Larson Jr. Company, had already offered a statement upon the record that the L. P. Larson Jr. Company

(2598) did no business in Canada and Australia during the period covered by the accounting or prior thereto with Wintermint gum. The objection was overruled.) The witness continued:

I have more than 100 papers in front of me. I have not

1791 tabulated them. I have not examined all of those papers that I produced here. They are not tabulated and they are not in order. They are just as they have been pulled out of our files. They are taken out of our files as I found them. They show the money that has been expended in advertising by the L. P. Larson Jr. Company. It is only for the benefit of the L. P. Larson Jr. Company; whether the bills were charged to Zulu Manufacturing Company or L. P. Larson Jr. Company I can't say, but the majority of them are by the L. P. Larson Jr. Company. I don't know that some of these bills are bills for advertising which have been sent to the Zulu Manufacturing Company. I have not seen any of them, but there might have been a case where an advertising concern or some concern advertising for me personally had known me as the Zulu Manufacturing

1792 Company and having done business with me per-

sonally, they may have billed us as the Zulu Manufacturing Company. All those bills are addressed either to the L. P. Larson Jr. Company or to the Zulu Manufacturing Company. I don't know of anything else in the batch of papers outside of bills for advertising. Those are not all the bills that L. P. Larson Jr. Company ever paid for advertising any of its brands of gum at any time. Those bills were selected out of our files on the theory of gathering all the information possible, at hand, as to what we have expended in advertising chewing gum for the L. P. Larson Jr. Company, that is, of Wintermint and Peptomint. I think that batch of papers contains bills for advertising either Peptomint or Wintermint and no other brand, that is, it is limited, I
(2599) think, to the bills for advertising those two brands. I
1793 don't remember any other brands advertised by the L. P. Larson Jr. Company. Those bills do not represent all the bills for advertising any brand of gum ever made by the L. P. Larson Jr. Company. They were all the bills that I could find that the L. P. Larson Jr. Company had expended for advertising its brands of Peptomine and Wintermint gum. The L. P. Larson Jr. Company never advertised any other brand of gum than Wintermint and Peptomint. I mean to say that is not all of the bills that L. P. Larson Jr. Company have paid for advertising its Peptomint and Wintermint gum. With respect to the bills for advertising which are excluded from those that I have brought here, there was one campaign on Wintermint throughout the country that I don't know what has become of it. I know the agency that did the advertising for us. George Mason had charge of
1794 that agency. That campaign, I believe, was in the spring of 1914. I don't know whether the books of the L. P. Larson Jr. Company would show how much was paid to George Mason for that advertising campaign
(2600) and my doubt on that subject is as to how that money was charged. I never looked it up. I can't say what our books will show.

(Mr. Mayer then asked the master to direct Mr. Hall to examine the books of the L. P. Larson Jr. Company at the initial expense of the Wrigley Company for the purpose of finding out what moneys were paid out by the L. P. Larson Jr. Company for this advertising campaign through George Mason in the spring of 1914. Mr. Aldrich

objected, saying that if there was any necessity of looking it up, the Larson Company would look it up.) I will
1794 look up the information for the purpose of finding out what moneys were paid out by the L. P. Larson Jr. Company for the advertising campaign through George Mason in the spring of 1914. I have got my books.
1795 (Mr. Aldrich then stated to Mr. Larson, that he had asked Mr. Larson to get all that information and that if there were other bills concerning which Mr. Mayer was interrogating the witness, or if there were other expenses for advertising, that the books of the Larson Company should be searched for that and the tabulation should include everything it had expended for advertising.)

I have not prepared a statement showing the amount paid out by, for or on behalf of the L. P. Larson Jr. Company for advertising as heretofore requested of record of me by the Wm. Wrigley Jr. Company. I would have been glad to do so if I had known it. I can have here tomorrow morning my books of accounts showing the moneys paid to George Mason for those advertising bills
(2601) for that campaign in the spring of 1914 which I said were not covered by the bills for advertising which I have produced here. I think it best to make out the
1796 statement myself. Then we don't have to take the books over here. (Mr. Mayer then asked the witness to do that.) I have the statement Mr. Mayer asked for in regard to the Wintermint sales. I now produce it. The document is addressed to Mr. C. H. Aldrich, dated May 15, 1919, signed by Edward R. Burt & Company, by Edward R. Burt, Certified Public Accountants, and consists of two pages. (Said statement was marked for identification Larson Exhibit 93.) The document does not purport to show anything excepting sales of Wintermint gum made by the L. P. Larson Jr. Company during the period beginning December, 1913. I don't know
1797 whether the statement showing the monthly sales of all gum by the L. P. Larson Jr. Company from the date of its incorporation up to and including November 12, 1918, which I have heretofore been requested of record to produce is prepared yet or not. The Burt Auditing Company knows whether it is. I have not such a statement here. I cannot furnish the statement which I have been requested to produce showing the monthly sales of all gum by myself on my own personal, individual, private

behalf from July 28, 1911, to and including November 12, 1918, for the reason that I have got proof that those records have been absolutely stolen out of my factory. They were stolen when I moved from Oak Park to Rogers Park. I don't know when that was. The last I remember of the records was when I gave them to Mr. Welch, our shipping clerk, when we packed them away in a box and sealed them up and I said "Mr. Welch, put this with our records and keep them," and I had forgotten about
(2602) that until I was inquiring from Mr. Welch about these records and he says to me, "Larson, these records have
1798 disappeared. I have had my eye on them, I have watched them and never—" The words he used were, "—never missed them until you asked me to look up all the old files and records in regard to Wintermint gum and at that time I started to look for the box that you sealed up and gave to me." He meant the box that I sealed up. I gave it to Mr. Welch. I have been quoting an interview between myself and Mr. Welch. I don't know what his full name is. He still works for me.

The witness was then informed that Mr. Mayer wanted him to have at the hearing all the information which he had heretofore been requested to produce and the witness was informed that Mr. Mayer particularly would want to examine him on the following morning with regard to all the matters he was requested to produce on pages 1781, 1782 and 1783 of the record before the Master without intimating that he would not desire to have the witness produce all the other books, documents and information which from time to time he has been requested to have present.

The witness was then asked by the Master whether he
1799 would get all the information by the next morning to which the witness answered that he had not got it, not altogether. The Master then asked him how it happened that he spent all this time and had not got anywhere. The witness then said "I have read the testimony and in one place the Burt Auditing Company man told me that all the information that I would have to get was in regard to the Wintermint gum and it seems that you (the Master) said that Mr. Mayer was not entitled to anything else but the sales of our Wintermint gum.

(2603) Mr. Aldrich then told Mr. Larson that he had said that he (Mr. Aldrich) wanted all the information that

was asked for prepared although he had stated to Mr. Larson at the time that he (Mr. Aldrich) was going to raise the question as to how far back they could go. Mr. Aldrich also stated that he thought the Master's question was well put and that he understood that Mr. Larson was busy getting the information ready and further that
1800 he, Mr. Aldrich, had told Mr. McGerry, head of the Burt Auditing Company, that he (Mr. Aldrich) wanted a separate tabulation as to Wintermint gum up to that time and also wanted a tabulation that embraced all of Larson's gum sales. Witness said that it might be that the Burt Auditing Company has got the statement all ready. A colloquy then took place regarding the delay in furnishing the statement between the Master, counsel and
1801 the witness, and an adjournment was taken until the next day.

1802 May 21, 1919.

L. P. LARSON:

Direct Examination by Mr. Mayer Continued.

I have brought here additional reports or statements that I did not have here yesterday, that is, all the reports that you requested of Mr. Aldrich after the adjournment of the last meeting by a letter that the reporter wrote after the adjournment of the last meeting.
1803 The witness thereupon produced a typewritten sheet which Mr. Aldrich stated was the same as the request contained on pages 1781 and 1782 of the Master's record, at least the substance and perhaps the exact words. Mr. Mayer then requested the witness to produce the statement which he had heretofore been requested to prepare showing the monthly sales of all gum dealt in by the L. P. Larson Jr. Company from the date of its incorporation up to and including November 12, 1918, and Mr. Aldrich objected stating that its introduction was immaterial and
(2604) irrelevant and not pertinent to any question under the reference. The Master informed Mr. Aldrich he thought that Mr. Aldrich had the day before conceded that the Wm. Wrigley Jr. Company were entitled to this information for a certain specified period. Mr. Aldrich stated that he had not waived any objection to its ma-

teriality but he said that if the Wm. Wrigley Jr. Company wanted to present the theory of the limits of the L. P. Larson Jr. Company's recovery, he might need that evidence for that purpose. A discussion then ensued
1804 during which Mr. Aldrich stated that he didn't think at any period in the case that the investigation of L. P. Larson Jr. Company's affairs on any phase of the question, whether the accounting should be extended to Canada or upon the final merits of the case, should be gone into, but that he did not object to the reception of the evidence then, except upon the broad objection to its materiality and competency, although his client did not concur in his view that the evidence should be produced. The Master then stated that he had concluded early as he thought that he had announced that he would take the testimony with respect to Canada and Australia on the Wm. Wrigley Jr. Company's theory of the case so that if the court agreed with its theory the evidence would be in the record. The Master then overruled the objection with the understanding that Mr. Aldrich would not have to repeat his objection as to that line of testimony every
1806 time. A question was asked. The witness resumed. I have a report here of all sales of the L. P. Larson Jr. Company from December, 1913, to November 12, 1918. There are three copies (which the witness handed to Mr. Mayer). Mr. Mayer handed one of them to Mr. Aldrich. The document consists of four sheets of paper, the first sheet is headed "Boxes of gum sold" and each
(2605) of the other sheets is headed the same way. The said
1807 four sheets were marked for identification Larson Exhibit 94, Sheets 1, 2, 3 and 4, and over the objection of Mr. Aldrich the exhibit was introduced and received in evidence. Said exhibit shows the following boxes of gum sold by the L. P. Larson Jr. Company during the period stated, viz:

arson Exhibit 94.

		Pepto mint	Winter mint	Spear mint	Golden Fruit	Zulu	Miscellaneous
1808	1913						
	Dec.	6091	100		600	110	
	1914						
	Jan.	7752	309		50	70	
	Feb.	10913	917		100	58	
	March	8311½	1315½			261	
	April	6721½	2722½	525		57	
	May	8748½	3579½	1255		5	
	June	2773	3141	2020		34	
	July	4369	4298	2780		3234	
	August	6562	2067	3834		4152	200
	Sept.	3340		2989	4930	3968	1700
	Oct.	2948		4148	2501	9126	600
	Nov.	25870	5	826	10683	2913	
	Dec.	187		10	4355	67	
(2606) 1809	1915						
	Jan.	1492	8		3601	161	300
	Feb.	932	3	89	7004		
	March	1444		405	5623	161	
	April	2215	61	165	1735	529	
	May	4565	855	102	7033	462	300
	June	2888	1109	22	2212	621	455
	July	3275	1547	50	1507	369	
	Aug.	3959	2222	166	811	487	257
	Sept.	5656	1610	3116	5615	402	
	Oct.	4366	1228	3601	15550	3511	57
	Nov.	3796	1179	1479	24333	1634	34
	Dec.	2141	656	583	22092	817	400
(2607) 1810	1916						
	Jan.	2062	465	614	1180	1098	
	Feb.	3019	529	3521	1972	1181	
	Mar.	4125	524	2703	3374	4194	11440		5
	Apr.	2634	507	459	1406	3704	33525	1400	25
	May	3725	616	1058	2143	6674	38890	8575	842
	June	3410	461	543	1723	6545	55432	3950	2012
	July	2642	403	5291	217	5000	48081	6420	905
	Aug.	1522	565	2721	397	4493	55080	600	1546
	Sept.	2280	80	11395	251	4281	42845	915	1252
	Oct.	1949	218	20119	115	4608	42005	310	200
	Nov.	1495	315	25112	304	3061	27660		9
	Dec.	764	318	27987	439	2375	13860	50	

	Pepto-mint	Winter-mint	Spear-mint	Golden Fruit	Zulu	Uncle Sam	Kandie Fruit	Miscel-laneous
1917								
Jan.	1725	275	26516	152	2943	14200	....	250
Feb.	952	349	27149	189	2887	15100	....	630
Mar.	1874	309	28220	137	4057	22780	....	200
Apr.	1004	113	30738	4155	5373	9830	....	860
May	1426	422	24600	1671	5125	21630	25	5676
June	2274	472	9828	335	2692	13065	....	15401
July	1465	781	7420	25	2869	16100	....	9944
Aug.	2853	2102	11146	440	3270	11195	....	6578
Sept.	4427	1975	15178	70	3785	10990	....	13347
Oct.	3469	1720	10392	1025	6152	1575	....	10360
Nov.	5005	2670	25016	926	5248	2110	....	2081
Dec.	3570	1685	17718	1375	5803	850	....	4699

(2608)
1811

1918								
Jan.	3663	3051	23974	1675	2977	11		4606
Feb.	3722	3125	22876	1982	5021	110		1621
Mar.	5062	2975	30738	6287	13317	640		604
April	3561	2652	20862	6616	4581	....		81
May	4228	2067	25376	5628	3890	1100		....
June,	5128	3827	27625	4233	4103	2150		....
July,	6726	3407	32528	11506	1801	775		....
Aug.	7228	3792	31896	12903	1352	....		....
Sept.	3485	2685	29547	13306	....	....		....
Oct.	4825	3988	32127	12792	....	....		....
Nov. 12	1166	787	8066	2825	....	....		....

(2609) Counsel for the Wrigley Company then introduced
1812 in evidence Larson Exhibit 93, which had theretofore been marked for identification, being the report of May 15, 1919, of Edward R. Burt and Company, addressed to C. H. Aldrich. Said exhibit was received in evidence and shows that Edward R. Burt & Company, certified public accountants, in accordance with instructions from Mr. Aldrich, have tabulated the sales of Wintermint gum made by the L. P. Larson Jr. Company from the time it was introduced; and that the first sale of gum under that label was made in December, 1913, and the shipments for that and the succeeding months were as follows:

1813	December 1913	100	boxes
	January 1914	309	"
	February	917	"
	March	1,315½	"
	April	2,722½	"
	May	3,579½	"
	June	3,141	"
	July	4,298	"
	August	2,067	"
	September	none	boxes
	October	"	"
	November	5	"
	December	none	boxes
	January, 1915	8	"
	February	3	"
	March	None	boxes
	April	61	"

1814 Said report further says that after April, 1915, the sale and marketing of Wintermint gum was resumed but only in a moderate way, not again reaching the volume attained during the first months of its distribution.

Said report further says that during the period from December, 1913, to August, 1914, the L. P. Larson Jr. Company made sales of Wintermint gum throughout the following states:

Alabama	Illinois	Kentucky	Missouri	North Carolina
Arkansas	Indiana	Louisiana	Washington	North Dakota
California	Iowa	Maine	Mississippi	South Dakota
Florida	Virginia	Michigan	Montana	Tennessee
Georgia	Kansas	Minnesota	Nebraska	Texas

(2610) The witness continued:

1815 Larson Exhibit 94 does not purport to give any information as to any gum sold by the L. P. Larson Jr. Company prior to December, 1913. I did not prepare the statement as requested at page 1782 of the Master's record showing all sales of all gum by the L. P. Larson Jr. Company from its incorporation, July, 1911, to December, 1913. I could not make a statement of the sales of the L. P. Larson Jr. Company from the date of its incorporation, July 28, 1911, to December 31, 1912, because I could not find any such records, and the statement
1816 that was here submitted is from the day that Wintermint chewing gum was put on the market by the L. P.

Larson Jr. Company which was December, 1913. There are no books, papers, documents or records from which I can ascertain or learn anything with respect to the sales of any gum by, for or on behalf of the L. P. Larson Jr. Company at any time from the date of its incorporation up to December 31, 1913. There are records from January 1, 1913, to the present date. I don't think I have a statement here covering the year 1913. I have just talked
1817 to my auditor and the auditor reports to me that he did not have that statement prepared but would have it prepared today. I will produce it as soon as it is prepared. There were no sales records from which it is possible to tell any of the sales of any kind of gum made by, for or on behalf of L. P. Larson Jr. Company from the date of its incorporation July 28, 1911, up to January 1, 1913.
1818 The Zulu records show where chewing gum has been made for the L. P. Larson Jr. Company. I understood I did not have to produce any records pertaining to Zulu Manufacturing Company. I got that understanding from the Master. Mr. Mayer then protested that the record did not bear out the witness' testimony in several statements which witness had made under oath attributing
(2611) statements to the Master which the Master had never made.

1819 I have not the books of the Zulu Manufacturing Com-
1820 pany here. I don't know whether the books of the Zulu Manufacturing Company that were used and kept in 1911 and 1912 are in existence or not. I have no reason to believe that they were stolen or misplaced but have reason to believe they were lost. As to when I saw them last, I have no knowledge of what records I have seen of the Zulu Manufacturing Company as I have understood all the time that this accounting was of the L. P. Larson Jr. Company and I have not looked up any Zulu records for that reason.

Mr. Mayer then referred to the request made of the witness at pp. 1781 et seq. of the Master's record to produce certain information and asked the witness whether he had prepared in accordance with said request a statement showing the monthly sales of all gum by the L. P. Larson Jr. Company from the date of its incorporation up to and including November 12, 1918, and for the
1821 monthly sales of all gum by the Zulu Manufacturing

Company from the date of its inception to the time it discontinued the gum business, the statement to show separately the monthly sales of Wintermint gum and the monthly sales of Peptomint gum, the date and amount of the first sale of Wintermint gum and the first sale of Peptomint gum at each place where Wintermint gum or Peptomint gum was sold, and also showing the place where the first sale was made. The witness then continued:

You could not do it. It is physically impossible and you knew the Zulu Manufacturing Company was not selling nor handling Wintermint because the Zulu Manufacturing Company did not manufacture or sell gum, as I
(2612) remember, especially Wintermint, after the L. P. Larson Jr. Company or L. P. Larson Jr. took the assets of the gum plant of the Zulu Manufacturing Company over. The Zulu Manufacturing Company sold gum in 1911. I have not prepared a list showing the monthly
1822 sales of that gum in 1911.

Mr. Mayer then read from Larson Exhibit 95 and asked the witness whether he prepared any of the information that was called for and which had just been read to him from Larson Exhibit 95, and the witness stated that he had not prepared any statement from Zulu Manufacturing Company's books. The witness then continued:

I don't know whether the Zulu Manufacturing Company's books showing all of its business done in 1911 and 1912 are in existence. I have no knowledge or infor-
1824 mation on that subject. The Master stated that it seems that the books of the Larson Company do not show the sales for 1911 and 1912, but there were perhaps something on the Zulu Manufacturing Company's books which would show what gum was manufactured for the Larson Company during that period and that he didn't think the witness was particularly to blame here for he (the Master) did rule that the Zulu business was too remote. The Master then said that he had not intended to rule and the question has not yet been put to him whether the books of the Zulu Manufacturing Company might not be examined for the purpose of finding out what the Larson Company was doing and that it had turned out that the Zulu Manufacturing Company manufactured some gum
1825 for the Larson Company and it would be one step in

to proving the sales to prove that the Larson Company
1828 sold gum manufactured by the Zulu Manufacturing Company. The Master further stated that if there was anything on the Zulu Company's books which would throw light on the sales of the Larson Company an ex-
(2613) amination thereof could be made. At the request of
1825 Mr. Mayer, Mr. Aldrich, counsel for the L. P. Larson
to Jr. Company, then agreed to produce a statement if it
1828 could be done showing the monthly sales of all gum made by the Zulu Manufacturing Company for or sold by the Zulu Manufacturing Company to the L. P. Larson Jr. Company from the date of the first transaction between those companies and showing separately the monthly sales of Wintermint gum by the Zulu Manufacturing Company for the L. P. Larson Jr. Company, it being understood that Mr. Mayer's inquiry was limited entirely to either gum business or to any advertising of gum that may have been done or had for or on account of or for the benefit of the L. P. Larson Jr. Company and that the request would be complied with subject to the objection Mr. Aldrich had already made to this line of inquiry. Mr. Aldrich further said that the Wrigley Company is entitled to have anything pertaining to the gum business, but subject to his objection. The witness continued:

(2614) I have not prepared any statement showing any ad-
1828 vertising by the Zulu Manufacturing Company of any gum for, on behalf of or on account of L. P. Larson Jr. Company. I have produced a statement of all the advertising that the L. P. Larson Jr. Company did in newspapers and billboards that I could find, but I can give instances where we did large billboarding in Buffalo, New York, in 1912, that I have no record of, only a letter from George Enos Throop showing locations in Buffalo. I will produce that letter. Here is one set of statements
1829 (handing Mr. Mayer statements). The statements just handed Mr. Mayer are triplicate copies of a document consisting of two sheets headed "Felton Advertising Company. December 1912, Advertising Account of Peptomint Gum," and show an aggregate of $934.54. (This statement was offered in evidence by Mr. Mayer and received in evidence, marked Larson Exhibit 96, sheets 1 and 2.)

(2615) I will produce the letter from George Enos Throop

1832 after lunch. I have prepared a report of billboard advertising campaigns which is the document I now have before me. It consists of five sheets of paper and the first sheet is headed "George Enos Throop. Billboard Advertising of Peptomint Gum." The report begins with August, 1913, and ends in December, 1913 and shows an aggregate of $3600.07.

(The said statement or report was offered in evidence
1833- by Mr. Mayer and was received in evidence, marked
1837 Larson Exhibit 97.) I have produced all the reports that I have prepared that I could find of advertising
1838 which we did of our chewing gum. We have done considerable more advertising than I have produced a record of. By that considerable advertising I refer to the advertising which I said we did in Buffalo and in New York and other advertising. I will produce a statement of all advertising of every brand of gum which I have a record of, of all advertising of all chewing gum which the L. P. Larson Jr. Company ever made or sold that I can find. I have brought in all that I could find up to this time, but there is other advertising, for instance, the advertising that run through the Michigan paper. We had quite an advertising campaign up there once. I don't remember when, and then we had a big advertising campaign with Mr. Throop early in the spring of 1912, for instance, the Buffalo campaign. I had a letter that I
1839 found in the files last night where he said, "Here is a showing of our 200 billboards in Buffalo" and I could not find any record of that. I have produced everything I could find.

(The master said that he understood that Mr. Larson was willing to make a statement and that he was then get-
(2616) ting information from various sources for that pur-
1839 pose which would cover what Mr. Mayer desired.)

It will not take me any time at all to prepare that statement. It all depends on what information the advertising agencies can give me. I do not think it will take me any time to prepare the statement which will cover what counsel for the Wm. Wrigley Jr. Company desire. It all depends upon what information Mr. Felton and Mr. Mason and Mr. George Enos Throop and Mr. Champion can give me. I don't know what Mr. Champion's full
(2617) name is or where he lives. He was an advertising man that was with George Enos Throop at that time. I

understand that what counsel for the Wrigley Company want to get is a statement which will show all the places where any advertising of any brand of gum was done, either by, for or on behalf of the L. P. Larson Jr. Company and the monthly amount spent for advertising in each of those places and the date of the first advertising
1840 in each place and the amount paid therefor and the names and brands advertised in every instance and also where one can get a copy of the advertisement itself or a photograph of the billboard or whatever it may be. I will be glad to furnish such a statement. The two exhibits 96 and 97 show disbursements which pertain exclusively to Peptomint gum which was the first brand of gum dealt in by the L. P. Larson Jr. Company. I can state what advertising was done by, for or on behalf of the L. P. Larson Jr. Company at any time in 1911. I don't know whether there was any in July 1911 but I have advertisements that I found in 1911 of the Peptomint gum that I can produce. There is an advertisement of October 4, 1911, which I now produce. It purports to be a copy of the Bee, Omaha, Wednesday, October 4, 1911. It is the only copy of that sheet I have. It purports to be an advertisement of Peptomint gum. I don't
1841 know whether that was the first advertisement of Peptomint gum. The expense of that advertisement does not appear on any of the statements that I have produced here. It does not appear because I could not find the records as to that date. Regarding this advertising in Omaha Bee of October 4, 1911, the Felton Advertising Company have arranged with me personally, L. P. Larson, Jr., to expend $100,000 for an advertising campaign, that is, they were to extend credit to the L. P. Larson Jr.
(2618) Company backed by L. P. Larson, Jr. And this little
1842 advertisement was run on a basis to be paid for as a credit which he extended us, and, as I remember, whenever we would have the money to square we would pay Mr. Felton, otherwise he would arrange to carry L. P. Larson Jr. Company's paper with my personal endorsement. We did some of that business and when the injunction came against us, the L. P. Larson Jr. Company, in 1911, I made a full settlement with Mr. Felton and that arrangement was called off. I believe the arrangement with Mr. Felton was in writing. I could not find the agreement. I have been hunting for that and I have

been unable to find those records as those records are records that I personally had and have built up a good will for the recapitalization of the L. P. Larson Jr. Company and they were my individual efforts and those records I have not been able to find, and after looking for them and Mr. Welch calling my attention to the fact that I gave him my private records which I put in a box and turned over to him, refreshed my memory, and those records were given in his care and he informed me, "Larson, there is only one way they could get out of here and that is they were stolen", because I never missed anything else and those records were in that box. The ar-
1843 rangement with Felton was in the summer of 1911. It was after the L. P. Larson Jr. Company was incorporated.

These papers I am now handing counsel for the Wm. Wrigley Jr. Company are the list of states that the L. P. Larson Jr. Company did business in from December, 1913, to August, 1914, the L. P. Larson Jr. Company made sales of gum throughout the following states.

(2619) Whereupon counsel for the Wm. Wrigley Jr. Com-
1844 pany offered the document in question in evidence. It was received in evidence marked Larson Exhibit 98. Said exhibit says that from December, 1913, to August, 1914, the L. P. Larson Jr. Company made sales of gum throughout the following States:

Alabama	Kansas	Mississippi	Oklahoma
Arkansas	Kentucky	Montana	Oregon
California	Louisiana	Nebraska	Pennsylvania
Colorado	Maine	New Hampshire	Rhode Island
Florida	Maryland	New York	South Carolina
Georgia	Massachusetts	North Carolina	South Dakota
Illinois	Michigan	North Dakota	Tennessee
Indiana	Minnesota	New Mexico	Vermont
Iowa	Missouri	Ohio	Wisconsin
Virginia	Washington	West Virginia	Texas

The witness continuing testified:

(2620) Exhibit 98 refers to the Wintermint and Peptomint
1844 chewing gum handled by the L. P. Larson Jr. Company between December, 1913, and August, 1914. The L. P.
1845 Larson Jr. Company was dealing in other brands of gum than Wintermint and Peptomint between December, 1913, and August, 1914. Those other brands, as I recall them, are Spearmint and the Zulu gum. The Wintermint gum was first put upon the market in December, 1913. I don't know whether I have a package of the Wintermint

gum and also of the carton or container that was first used. The witness was then asked to produce a copy of the original package of the Wintermint gum as it was first produced and also one of the cartons that was first used for putting out Wintermint gum. The witness continued:

1846 The package is identically the same but the carton has been changed, the box in which the gum is packed. I don't know what the date of the change was which was made in the carton. All I remember is that the carton was very flimsy and was changed to a cardboard box. A small box manufacturer made the first cartons in which Wintermint was first put out. He was located near the Union Station and we were in a great hurry for them. He made them for us. I don't remember his name. He was on Canal Street near Jackson Boulevard. He did not make
1847 the carton we used after the first change. I don't remember who did as I did not handle the placing of the business. I don't know whether my records will show. The order was paid for and it was filled, but I don't know what record we could trace to find that. To the best of my knowledge there was a record kept of all moneys paid
(2621) out. I have made a note to produce both the original Wintermint package and carton. I have prepared a gen-
1848 eral statement of the Wintermint gum but it contains no detail as to when Wintermint gum was first sold in Alabama or no detail as to each State. I can make a statement now where the first sale was made of Wintermint gum, not as to each state, but just as to the first sale. I have in a measure prepared a statement showing the monthly sales of Wintermint gum and also the date and amount of Wintermint gum at each place where it was sold, indicating also the place of sale. That is Exhibit
1849 93. Exhibit 93 should show when Wintermint gum was first sold in any of the States appearing thereon. Exhibit 93 does not show when the first sale was made in Alabama. It does show when the first sale of Wintermint gum was made. The first sale was made December, 1913, of 100 boxes, That's all. It shows that sales were made in all those states between certain dates. It shows the first sale was made December, 1913, in one of those states. It does not show the state in which the first sale was made and it does not show when the first sale was made in any one of the states named in Exhibit 93. And Exhibit 98 does not show when the first sale was made of

gum in any of the particular states appearing thereon. I was asked to prepare a statement giving that information, viz., showing when the first sale was made of Wintermint gum in each place where it was sold, not only the state but the place.

(2622) Mr. Mayer then asked the witness whether he would
1850-51 prepare this statement. Mr. Aldrich said Mr. Larson would not unless the master directed it, and that exhibit 98 showed what states gum had been sold in prior to the first sale of Wintermint gum. Mr. Mayer then stated that he would ask for an order allowing him to examine the books of the Larson Co. if the Larson Co. declined to make such a statement themselves. Thereupon Mr. Aldrich said that the Larson Co. would furnish the information if the master thought it should be produced. The master then ruling that this information should be produced Mr. Aldrich stated that the Larson Co. would produce it.

The following then took place:

1852 Mr. Mayer: I would like to have a statement showing the monthly statement of all gums showing separately the Wintermint brand and the Peptomint brand; also showing the date and the amount of the first sale of Wintermint and of the first sale of Peptomint gum at each place where Wintermint gum or Peptomint gum was sold, showing also the place where the first sale was made.

Mr. Aldrich: That is in that paper is it not Mr. Mayer.

Mr. Mayer: Yes.

Mr. Aldrich: Then you have it here.

Mr. Mayer: That information that I have just asked for is covered by the request appearing at pages 1781 and 1782 of the record.

(2623) Mr. Mayer stated that the purpose of asking for this statement was so it could be told when the L. P. Larson
1853 Jr. Company made its first sale in Boston, its first sale in Chicago, and so forth, from the time of the incorporation of the L. P. Larson Jr. Company, and the witness
1854 stated that he knew what was desired and had made a memorandum of it. Witness also said that he had a part of the information in his possession at the time but they didn't have it any further than he had already produced it. The witness resumed. I have told you before I have done everything to trace the advertising that we did in the years of 1911, 1912, 1913, 1914, 1915, 1916, 1917, and up to November 12, 1918. These files are very incom-

plete. Inasmuch as I have overlooked the campaign we ran in Buffalo in the spring of 1913 where I found a letter from George Enos Throop showing where they had posted 200 locations on billboards in Buffalo. I have that letter before me now. (Witness produces the letter). And there was thousands of dollars of that nature that the L. P. Larson Jr. Company has no record of. Up to the increase of the capitalization of the L. P. Larson Jr. Company about the first of the year 1913, I personally handled those matters with the expectation of developing a good will and following it in the footsteps of other successes whereby I would be able to get a large amount of common stock for the business which I had personally developed which earning power would justify me in tak-
(2624) ing a large amount of common stock for such good will, and those records were never kept by anybody but me. Those records have not all disappeared. There are records that have not disappeared. For instance, there are records that had gotten into the other files, that going through them I find instances where I can be able to trace who did the advertising for us and in that way we can give a large amount of the money that has been expended. I have ascertained those items of expenditure for advertising and have prepared a statement which counsel for the Wrigley Company received this morning of what advertising I have collected together. That is the only statement I have prepared with respect to advertising. As far as I know the reports that I have filed here show all of the moneys that have been expended for advertising that can be ascertained from any records. They are no records which will enable me to give any further information as to what moneys was spent for advertising by or on behalf
1856 of the L. P. Larson Jr. Company in addition to those which I have already produced, excepting only as I am trying to ascertain information from the advertisers themselves. And there is another thing that I would like to ask you about and that is the little display stands that we put out all over the country giving one free, which we called the billboard, is considered advertising, is it not?
1858 I have the letter to which I have referred. I have not examined the document attached to the Throop letter consisting of two pages containing names and addresses. The letter says, "I enclose herewith lists of locations showing where your Peptomint gum posters have been placed for

the first month in Buffalo, and Niagara Falls, New York". I see these sheets are the second month's showing so that
(2625) it could not be the first month's showing, that's the second month's showing. This letter of Throop is now
1859 marked Larson Exhibit 99, dated April 25, 1913. There is no endorsement on it except a stenciled endorsement of L. P. Larson Jr. Company, showing the receipt of the letter of April 26, 1913. The two sheets that I have referred to are now marked Larson Exhibit 99, sheets 2 and 3, are headed as follows, sheet 2: "May 18/13 Peptomint Gum. Second Month—Two Month Sh'g. 8-sheets. Whitmier & Filbrick Co. Buffalo, N. Y." And the sheet marked by the stenographer as sheet 3 has the following heading: "Peptomint Gum Buffalo Second Month Page #2". There is nothing endorsed on Exhibit 99, sheet 2, excepting a stencilled endorsement of L. P. Larson Jr. Company showing the date of its receipt and that's
1860 blurred so much you can't read it. There is nothing endorsed on the sheet marked by the stenographer as sheet 3 excepting a stencilled endorsement of L. P. Larson Jr. Company, the full date of which is not legible, and a stencilled endorsement reading "Received May 20, 1913. George Enos Throop" and also in ink: "Buffalo, N. Y. 5/18—6/18 L. P. Larson Jr. Co. 29 So. Clinton St. Chgo. Ill." and underneath that in stencil the following "2nd Month Poster". (The said letter from George Enos Throop to L. P. Larson Jr. Company dated April 25, 1913, and the document thereto attached, was offered in evidence by counsel for the Wrigley Company and received in evidence, marked Larson Exhibit 99, sheets 1, 2 and 3. Said exhibit shows a list of addresses in Bnffalo, New York. The witness continued:
(2626) The statement in the letter, Larson Exhibit 99, sheet
1866 1, that a list of locations showing where Peptomint gum posters have been placed for the first month in Buffalo and Niagara Falls means the first month's postings and sheets 2 and 3 apparently refer to the postings in the second month and that advertising had reference to bill postings. I don't know as to the date those postings were first started in Buffalo and in Niagara Falls. They may have been posted earlier than April, 1913. It does not give any date. I don't know its exact date when they were posted. I don't know what was the total cost of that
1867 advertising referred to in Exhibit 99. It was a very large amount. I think the expense of that posting was

paid for by the L. P. Larson Jr. Company in the period of 1913. I don't know how to answer the question as to when L. P. Larson Jr. Company first began to pay out any moneys for advertising. Inasmuch as the L. P. Larson Jr. Company paid out everything directly after its increased capitalization, from January 1, 1913. Before that time the L. P. Larson Jr. Company was handled by me personally and the books of the L. P. Larson Jr. Company were kept by me personally, and where I paid out moneys myself I had no one else in the corporation to account to during 1911 and 1912, so I would consider that during those two years that I paid out the money personally on behalf of L. P. Larson Jr. Company and used the L. P. Larson Jr. Company as a corporate name in places where I made such payment in many places, and other places I contracted myself. I would tell the person I wanted to do so and so and that I would pay the bill, that the Zulu Manufacturing Company did not have any-
1868 thing to do with Peptomint. I have the journal marked Exhibit 73 here. It was the first journal and first cash book of the L. P. Larson Jr. Company after its increased
(2627) capitalization. Money that had been expended by me personally on behalf of the L. P. Larson Jr. Company was kept by me but no record of that business was kept as a corporation. I was attending to it in hopes of building up a good will for the L. P. Larson Jr. Company. About January 1, 1913, the L. P. Larson Jr. Company, the Illinois corporation, increased its capital stock from $2500 to $100,000, and after January 1, 1913, purchases were made, advertising accounts run up in the name of the L. P. Larson Jr. Company, and the expense thereof
1869 paid by the L. P. Larson Jr. Company. Before January 1, 1913, I always had in mind that some day I would increase the capital stock of the L. P. Larson Jr. Company from $2500 and that I would do that when I thought a suitable time had arrived. I did not conclude that that time had arrived about January 1, 1913. I was advised by my friends and my associates that the Zulu Manufacturing Company did not mean anything and that I should do my business under my personal name. The time had not arrived as I was in litigation and I did not feel it was the proper time before I had cleaned up this litigation to increase the capitalization, but this was done at the advice of my friends. The litigation to which I am referring was the litigation with Wm. Wrigley Jr.

Company. At that time in 1911 and 1912, I expected to win that litigation. I knew what the outcome of it would be in 1911 and 1912, if right is right. I did not conclude
1870 to play safe so that if the litigation should be lost by me, the business that I was doing and whatever good will you could create would be preserved nor was it for this reason up to January 6, 1913, that I conducted the business under the name of the Zulu Manufacturing Company. At
(2628) that time in regard to sales people and jobbers over the United States there were a good many that seemed to think that purchasing gum from the Zulu Manufacturing Company was a brokerage proposition for the Zulu Manufacturing Company and requested that they should be billed direct from the L. P. Larson Jr. Company. In many instances like that I have billed the jobber direct on request. By "I" I mean L. P. Larson Jr. I believe there was a situation in 1911 when I was asked to bill the gum in my own name and not in the name of the Zulu
1871 Manufacturing Company. I now produce the journal and cash book of the L. P. Larson Jr. Company which I had here the other day. Page 1 of it is marked Larson Exhibit 76 and Larson Exhibit 77, being pages 1 and 1-A of the book itself which is marked for identification Larson Exhibit 73. Referring to Larson Exhibit 99, the Throop letter pertaining to poster advertising, that advertising did not take place before January 1, 1913. It was paid for.

(2629) As to where in the cash book the payment to Throop
1871 appears, I found an item for $256 and I have found one
1872 for $354.40. They are both on the same date, August 23, 1913. Those entries read "Billboards for Buffalo, April." It appears on page 118 of that combined cash book and journal marked Larson Exhibit 73. In the item appears "George Enos Throop 531 T $256". The $256
1873 is found under the column "Bills Payable". The heading "Pay" means bills payable. The next word is "a/c" which stands for accounts. As a matter of fact the $256 was an open account and not a bill payable in the sense that it was a note. The letter "T" after "George Enos Throop" is a mark for posting. I don't know what it means unless it was posted to T standing for Throop. That would be posted from that cash book then to the ledger. I haven't the ledger here but I think it is in existence. The item for $354.40 reads "George
1874 Enos Throop $354.40" and below that it says "Bill-

boards Buffalo, Niagara Falls". The word "April" appears in that item. It means that $256 was spent for advertising on billboards during the month of April 1913. The $354.40 was also posted to "T". I don't know what the "6/30" means next to the word "Throop" in connection with the $354.40. It doesn't mean the date when it was posted. The $354.40 was also for advertising after January 1, 1913. Peptomint gum exclusively was advertised in connection with those two disbursements. I have
1875 not any copies of those advertisements or posters or billboards. They are a very large poster and we never preserved any of them. The billboard advertising which made up the $354.40 was in Buffalo; Niagara Falls; Sioux City, Iowa; Sioux Falls, South Dakota; Norfolk, Nebraska; Beatrice, Nebraska; Nebraska City, Nebraska. That advertising in April 1913 was not the first billboard advertising that was done in connection with Peptomint gum by or for or on behalf of the L. P. Larson Jr. Company. These advertising posters were made up by the same concern that made my display stands. I can't recall the name of that concern. I don't remember their name,
(2630) but they made up my display stands and they said,
1875 "Larson, let us make up a poster", so I consented to let them make up a poster. That was at the time they made up my order for the display stands. They made up these posters. Then we arranged with our different agents over the country that we would post these signs in
1876 the different places where they sold Peptomint gum and we would send them posters and they would have them posted in the different towns where they sold the gum. Then George Enos Throop come to us one day and Mr. Champion and said to me, "Larson, we can handle this advertising cheaper for you by letting us place it through our agents and you will have the co-operation of the George Enos Throop Company which won't cost you a cent, that our services that we render are paid for by the agents that we give the advertising to" and in that way we connected with George Enos Throop. Up to that time we did our advertising with our agents through the different individual bill posting accounts separately. So that is not the first advertising that we did of Peptomint gum on billboards or newspapers. It was in 1912 that the first billboard advertising took place for the L. P. Larson Jr. Company or on its behalf. I can't fix the time
1877 any more accurately, only it was the time we placed the

order for display stands that the people requested that we should let them make up a billboard sign for us. This, I think was in 1912, and that was the first billboard advertising which we did. That was paid for.

(2631) (Mr. Mayer then asked the witness to look in the jonrnal and cash book he had at the hearing and see if he could find the entry of the expense of the first billboard for advertising.)

The first billboard advertising, I told you before we sent these billboards to our different agents, when they had a certain distribution of our gum in a town we would send it to them free, that is, billboard sheets, and they would attend to having the different posters in the dif-
1877 ferent towns put up these posters for them for which they would pay the expense and in return either deduct it for gum that had been sent them for distribution which they sold, or we would in turn pay them for it.

As to the question as to whether there was any cash book or journal kept by, for or on behalf of the L. P. Larson Jr. Company prior to that which we have pro-
(2632) duced here and marked Larson Exhibit 73, I told you
1878 several times that I did keep a personal cash book for the L. P. Larson Jr. Company showing expenditures of money up to the increase of the capitalization on January 1, 1913. I don't know where that book is. Individual books were kept by me personally and they are gone. Those records are the ones that I said were stolen. I got that from the man that I turned the records over to, he said, "Larson, those records must be stolen." I am
1879 referring to my talk with Mr. Welch. Speaking of these stolen books, they are the ones that were put in a box and sealed. By sealed I mean they were sealed with tape, that is one of these corrugated boxes that we have a sealing tape that we seal around the box. It holds sixty boxes of gum; a square box. I myself placed the contents in that box. It was when I had the books and papers in Oak Park and I moved from Oak Park to Rogers Park that I brought a lot of personal belongings to the office and private records that I had kept from the inception of the L. P. Larson Jr. Company and before that time of records and transactions, of business that I had done. I took those records, had them tied up in a large paper as I remember, and put them into one of these cardboard cases and sealed it up with tape. I had those

personal records and documents at my home at Oak Park.
1880 That was in the spring of 1918. I took those papers from my place of business to my home because I would work nights and Sundays and I kept a lot of my private papers at home. I don't remember when I took those papers home. As to how long that was before I moved to Oak Park, I don't remember anything but that we had a lot of my private stuff in trunks that we had in storage in the basement of this apartment building where we lived and Mrs. Larson had to have the trunks for packing her clothes and such like and I said "I will take my private stuff down to the office". That was when I was living in Oak Park. So all these private papers that have been stolen were packed at my home in Oak Park before I took them to my place of business. My place of business then was at 201 East Ohio Street. To the best
(2633) of my recollection, those stolen documents covered the
1881 year 1911 and the year 1912. I never considered those years of any importance to the litigation to which my attorney has referred, the law action for damages that the L. P. Larson Jr. Company has pending against the Wm. Wrigley Jr. Company. I was never informed that I had to bring in any proofs or records to know just what I had paid out in connection with the L. P. Larson Jr. Company's business in 1911 and 1912. I never considered those records of much value. I all the time understood I didn't have anything to show with respect to the 1911 or 1912 period of time on the hearing before the master in the damage suit to recover $1,250,000. I didn't understand I had to show any records or show anything and this is all new to me. What I paid out in connection with Peptomint gum during 1911 and 1912 or what losses I sustained during those years or what disbursements I
1882 had incurred can be easily proven. I think those things can be proven to our satisfaction, what we want to prove.

Counsel for the Wrigley Company have asked me for a statement of the business by or on behalf of the L. P. Larson Jr. Company prior to January 1, 1913. I stated I would produce that statement as far as I could get it.

As to whether I at any time regarded the contents of that stolen box as of any especial value or importance either to the pending suit before the master or in your law action against the Wrigley Company, I will say, the private papers do not consist only of the law suit and the

business I had done. They were all my papers of private interests of different transactions that I had made and I didn't segregate them. All that I remember now is that such documents and books that I had, why I threw them
1883 in the trunk and when we moved from place to place why I never went over them and never paid any particular attention to them, but they were records that I thought I ought to keep. I thought I ought to keep them just maybe to show my children some day if I ever got on my feet in the gum business. I didn't look at a thing when I cleaned out this trunk. I took nothing out of the
(2634) trunk. Mr. Larson took the stuff out of the trunk
1883 and wrapped it up in a big heavy piece of paper and I took it down to the office and gave it to Welch and told him to preserve it, and he says, "I will take one of these gum boxes and put it in there and seal it up and I will take care of it". As a matter of fact, I didn't go through the records. As a matter of fact, I know what was in the stolen box. I know they were records back during the
1884 early days. I know that because I know about what records were in that trunk. That was a matter of a good many year sago. They were records where I had made scribblings of Peptomint gum and of different brands of gum and verses that I had written that I intended to advertise with and a lot of junk you can say. They filled the trunk. There were books in there and records that I kept where I had paid out cash for different things. I don't remember what kind of books, how large books I kept. All I know is I kept a record of the moneys that I personally expended. I didn't keep any L. P. Larson Jr. Company books because the main business of the vending machine and chewing gum business and everything like that was done by the Zulu Manufacturing Company, and they sold quite a lot of Peptomint
1885 gum for the L. P. Larson Jr. Company. As to whether I kept anything more than a cash book in connection with my personal business or on behalf of the L. P. Larson Jr. Company in 1911, to the best of my recollection I bought a cash book, journal, ledger and a day book about seven inches long by four inches wide. All the books were the same size, it was a little set of books. And I would make entries into the day book and when I had time I would post them into the ledger and balance up my ledger and post from the day book and the cash book and from the

journal. It was a regular set of books and I kept them throughout 1911 and 1912 and discontinued in 1913. It was several years ago when I last paid any particular
1886 attention to them. That was in January 1913 when I was making up the statement as to moneys that I had expended for the L. P. Larson Jr. Company in which the L. P. Larson Jr. Company turned stock over to me for
(2635) same. What was about January 1, 1913. I was keep
1886 a regular set of books for the Zulu Manufacturing Company in 1911 and in 1912. Purchases were made of material and property in 1911 by or for or on account of the L. P. Larson Jr. Company. There was the Felton advertising and a number of things the L. P. Larson Jr. Company purchased in 1911 pertaining to the chewing
1887 gum business. I can't think of the items. As I said before, that where a concern did not know me personally or my standing I would refer them to the Zulu Manufacturing Company, that I was the president of that corporation, and I would say "If you want to, bill the Zulu Manufacturing Company and the Zulu Manufacturing Company will guarantee it", instances of that kind.

The wrapping machine—Berger—was purchased by the L. P. Larson Jr. Company in 1911. I paid for that machine personally for the L. P. Larson Jr. Company. The Zulu Manufacturing Company did not pay for that machine as I remember.

1888 Larson Exhibit 81 is a sight draft drawn by the Berger Machine Company August 23, 1911, to the order of the Springfield National Bank on L. P. Larson Jr. Company, 29 South Clinton Street. I paid that draft personally out of my personal funds. I paid for it for the L. P. Larson Jr. Company. That draft was paid at the Continental and Commercial National Bank of Chicago August
1889 28, 1911. L. P. Larson Jr. Company had no account at that time at the Continental and Commercial National Bank or any other bank. The first acount opened by the L. P. Larson Jr. Company was in the spring of 1913. I personally had an account at the Continental and Commercial National Bank of Chicago at the time the draft was paid. I got the money that I paid out for the Berger machine back from the L. P. Larson Jr. Company. That is, I got stock for it afterwards. As a matter of fact, I turned over that machine to the L. P. Larson Jr. Com-

pany as part of the property which I turned in for part of the capital stock on January 6, 1913. I turned in that machine under Exhibit 70, which is my proposal of January 6 to the L. P. Larson Jr. Company to sell and turn
(2636) over certain property to it in payment of $72,500 of
1890 its capital stock. I turned the machine in for $2500. That was about a year and a half after it had been bought
1891 and paid for. Larson Exhibit 80 is what I produced here as Berger Machine Company contract with the L. P. Larson Jr. Company of August 22, 1911. The purchase price of that machine was to be $2500 less ten per cent for cash. I believe I took the cash discount and actually paid $2250. I don't remember that I testified that the machine was imperfect and didn't work right when I first received it. I know that the Berger machine man was here and stayed here with me till the injunction
1892 by the Wrigley Company and then he left me and I paid for the machine so the machine must have been all right. The injunction had something to do with his leaving me. The Berger man was here demonstrating the machine and was to stay with me constantly. He was the employe of the Berger Machine Company, but I arranged with him in the event that this injunction was not brought against me that we were to order five more machines and he would take charge of them and take charge of the wrapping of the chewing gum. I afterwards used that Berger machine. Under the Berger machine contract I was to employ this man to operate five machines. I
1893 bought one machine under the contract and they gave me the option to buy five more. I don't understand that I was enjoined from using the Berger machine. I understand that I was enjoined from staying in the gum business. I have a letter from the National Grocer Com-
1894 pany.

(Said letter from the National Grocer Company, together with the blank affidavit attached thereto, was offered in evidence by Mr. Mayer. It was received in evidence and marked Larson Exhibit 100.)

1894-5 (Larson Exhibit 100.)

(2637) Said exhibit is a letter dated July 17, 1915, on the
1894 stationery of National Grocer Company addressed to L. P. Larson Jr. Co. by Musselman Grocer Company in which the writer acknowledges receipt of the Larson Company's letter of the 14th inst. advising that a suit

had been brought against the Larson Company by the Wm. Wrigley Jr. Company and asking that an affidavit be filled out to be used in connection with that suit. The Musselman Grocer Company further wrote

1895 "We would rather have no part in the proceedings as we are doing considerable business with the Wm. Wrigley Jr. Company, while the business thus far done with your company has been very small. Therefore, if it would make no difference, we would rather be excused; but, if it is of great importance that you should have this affidavit, we would be glad to look the matter up further."

The form of the affidavit which was sent to the Musselman Grocer Company by the Larson Company was entitled in the suit now on hearing wherein the affiant after describing himself says that on the ..... day of ....., 1914, affiant's company ordered of the L. P. Larson Jr. Company of Chicago, Illinois, and in due course received ..... Wintermint chewing gum and that the individual sticks were wrapped in a green wrapper in all respects identical with the wrapper attached to the affidavit and marked Exhibit 1, and that the counterband or outside label binding five sticks in one package was in color identical in all respects with the counterband attached to said affidavit marked Exhibit 2. Said exhibit 1 attached to said form of affidavit was a green individual stick wrapper identical in all respects including color, type and design with the label or wrapper marked "C" on Larson Exhibit

(2638) No. 130, and said Exhibit 2 attached to said form of affidavit was a counterband or outside label identical in all respects including color, type and design, with the label or counterband marked "A" on said Larson Exhibit No. 130.

The witness then continued:—

1897 That is the kind of opposition I met with all over in the chewing gum business. That letter was dated July 17, 1915 and had reference to the Wintermint litigation which is now on hearing. It had nothing to do with the Peptomint litigation, but that's the entire condition of the situation at that time.

(2639) The employe of the Berger Machine Company came

1897 on to demonstrate that machine. His name was Henry Schupp. He works for me now. He came back after we started to build up our business.

As a matter of fact, I kept on using machines for wrapping Peptomint gum after the injunction, so the only effect of the injunction was to change my label so
1898 that we no longer used the enjoined label. I will say that in a way I gave an order to the Berger Machine Company for more than one machine. That order was given to the salesman of the Berger Machine Company in the summer of 1911. It was before the contract of August 22, 1911, in evidence as Larson Exhibit 80. I told the Berger Machine Company that I was in the market for at least half a dozen wrapping machines, that I would try their machine out and if it was satisfactory, I would take an option for at least five or six more, and this party inquired of the Berger Machine Company whether or not they would give me an option on more machines. That conversation resulted in contract Exhibit 80. There was a letter written to the
1899 Berger Machine Company along that line by their agent who called on us here. The result of all that conversation and of that letter and whatever it was was the execution of the August 22, 1911 contract, Larson Exhibit 80. I don't know anything else outside of this Berger machine that the L. P. Larson Jr. Company bought in 1911. I can think of a number of things that I, L. P. Larson Jr., bought on behalf of the L. P. Larson Jr. Company, as I have stated before, to create a good will for the corporation. I purchased gum machinery which was intended for the L. P. Larson Jr. Company. The L. P. Larson Jr. Company at one time had $2500 in cash of which part was spent for trade-mark paid to me personally, and then other money that we bought gum machinery for and labels and wrappers and different
1900 kinds of advertising. I can't recall just the items. I can't, without the records, make out a statement of everything that was bought by, for or on behalf of the L. L. Larson Jr. Company in 1911. I could sit down and study and think and look over records of different things
(2640) maybe that would refresh my memory. I don't pre-
1900 tend to remember the transactions back in 1911 when there was no particular reason to charge my mind with
1901 them. I have said that prior to January 1, 1913 I was trying to build up a good will for the L. P. Larson Jr. Company and was making payments out of my own personal, private funds for such things as I thought would help the good will of the L. P. Larson Jr. Company.

The reason that during the same period of time, viz., from July 28, 1911 to January 1, 1913, the Zulu Manufacturing Company was also selling Peptomint gum and building up a good will for Peptomint gum, was, that I had control of the Zulu Manufacturing Company and owned it and I permitted it to sell Peptomint gum. That was not a good will that went under the name of Zulu. I would say the good will to a large extent would go to the Zulu Manufacturing Company, the building up of the business, but at the same time the trade name "Peptomint" was sticking out like a sore thumb, that meant a whole lot. I was trying to build up a good will
1902 for Peptomint. That was the primary purpose prior to January 1, 1913. The Zulu Manufacturing Company was selling Peptomint gum prior to January 1, 1913. As to whether the good will Peptomint would get from the business done by the Zulu Manufacturing Company before January 1, 1913 would in the first instance go to the Zulu Manufacturing Company, I will say, I believe this, that the Zulu Manufacturing Company handling and pushing the sale of Peptomint gum opened their trade up with customers that they would not have through their vending machines and established a future business for the Zulu Manufacturing Company and other brands of chewing gum that enabled the Zulu
1903 Manufacturing Company to sell their Zulu brands of gum and other commodities they were selling for the reason that they had the Peptomint gum.

(May 22, 1919, 10:30 o'clock A. M.)

I have brought here today a document showing the
1904 sales for 1913 from January to November of the L. P. Larson Jr. Company, of all the brands of gum it was then making. That document consists of one sheet, (2641) headed "Boxes of gum sold January to November
1904 inclusive, 1913". (The said document was offered in evidence by Mr. Mayer. It was received in evidence and marked Larson Exhibit 101.)
1905 (Larson Exhibit 101).

Larson Exhibit 101.

Said exhibit showed the sales as follows:

1913	Peptomint	Zulu	Golden Fruit
January	8850	260	865
February	14663	50	10
March	16001	25	155
April	13703		300
May	18495	29	1036
June	20352	30	2077
July	17981	347	381
August	16689	129	1800
September	17639	29	2740
October	17675	90	1618
November	10926	50	2130

(2642) As far as I know these various statements that I
1906 have produced here and which have now been offered in evidence correctly show the information purporting to be thereon shown. The information contained on those statements was gotten up by the people in our office. It was gotten up according to my instructions, but not under my supervision. I don't know the names of the persons who did the actual work. I gave instructions to one of the typists how I wanted the sales listed and tabulated and she instructed the other girls to help her on the work. One girl was present when I gave the instructions. That was Wednesday night, and since that
1907 time they have understood how to tabulate the sales. I don't know the name of the girl to whom I gave the instructions. I don't know as I called up from this office to our sales manager, Mr. Straw, and told him that I had some work to be done and that I wanted two of the stenographers to stay, and when I come to the office the girls were there and I told them what we wanted. I didn't tell the sales manager what I wanted. He was not there. Taking as an illustration Larson Exhibit 94 which purports to show the sales of gum from December, 1913 to November 12, 1918, that document was made out by some girls under instructions that I gave to one of the girls, whose name I don't remember. I talked to other people in the office about it. Mr. Inglis, who was in the office, went over the work I suppose. He is working in our office. He is the man whose name I mentioned as representing the Edward R. Burt Agency.
1908 He is not an employe of the agency at the present time. He is the man who made an examination of some of the

Wm. Wrigley Jr. Company's books at the request of our counsel, Mr. Aldrich. At that time Mr. Inglis was not an employe of the L. P. Larson Jr. Company, but an employe of Edward R. Burt & Company. Since that
(2643) that we have employed him and he is still in our
1908 employ, not as a bookkeeper, but for general informa-
1909 tion only. We employed Edward R. Burt & Company to make the audit that Mr. Mayer requested, that is to procure some of the information which has heretofore been requested of record to produce. And we employed Edward R. Burt & Company about April 26th to make up an audit of the Wintermint sales. They sent Mr. Inglis over to make this audit. Mr. Inglish worked for two days when we had increased the capitalization of the L. P. Larson Jr. Company to $250,000. That increase was on April 15, 1919. The work was more than I personally could attend to, and knowing Mr. Inglis' ability, in order to get up the necessary forms to present this stock to the public, I asked Mr. Inglis if he could do this work. Thereupon he said that he would like to make a connection with some concern rather than auditing for different corporations. Thereupon I saw
1910 Mr. O'Malley of Edward R. Burt & Company and told him of the situation and he said it was entirely satisfactory to them, that they had another auditor that they could send over on the work. They immediately sent another man over to prepare the work that Mr. Inglis had been appointed to do and Mr. Inglis was in their employ to the last day of April. On the first day of May, 1919 he entered our employ on a regular salary. Since that time he has worked on our books in regard to a statement which we can show the public in regard to disposing of our additional preferred stock. He is also consulting with me in regard to statements that Mr. Mayer has requested us to get up, but this work that has been done outside of the report that Edward R. Burt & Company produced has been done by the girls in the office. Edward R. Burt & Company prepared the audit showing the sales of Wintermint gum from December,
1911 1913. That is Larson Exhibit 93. I can't say that Mr. Inglis represented Edward R. Burt & Company in the preparation of Larson Exhibit 93. At that time he represented Edward R. Burt & Company. At the time Exhibit 93 was completed he was representing the L. P. Larson Jr. Company. Inglis began to work for the L. P.

(2644) Larson Jr. Company on a salary May 1, 1919, pur-
1911 suant to a prior engagement or employment. He was
1912 in the employ of Edward R. Burt & Company up to May 1, 1919, that is, we paid Edward R. Burt & Company for Mr. Inglis' services and also for the other man's services up to May 1, 1919, inasmuch as they did not think that it was right that Mr. Inglis should be taken away from them at once, that they ought to have two or three days notice, so come to think about it I don't think that Mr. Inglis had anything to do with the statement
1913 prepared there. That is the statement, Exhibit 93. As to how long before I spoke to Edward R. Burt & Company and asked them to secure the information shown in Exhibit 93, it was when I first spoke to Mr. Inglis about employing him as an employe of the L. P. Larson Jr. Company on a salary. It was on a Sunday morning, the first Sunday after the last adjournment, that I called up Mr. Inglis that I wanted to see him. He came down to the office and met Mr. Aldrich and I there and Mr. Aldrich told Mr. Inglis that they had a report to be gotten out and Mr. Aldrich asked if Mr. Inglis could do this work and Mr. Inglis said he was going down to Akron, Ohio, to do some work there, and thereupon Mr. Aldrich called up Mr. O'Malley of Edward R. Burt & Company, requesting them to let Mr. Inglis get on this work as it was very important. At that time I talked with Mr. Inglis and told him that I had a lot of work that I wanted Edward R. Burt & Company to get up
1914 for me and talked with Mr. Inglis about doing this work. When Mr. Inglis suggested to me that we had enough work for a man of his kind in our office and I spoke to Mr. Aldrich about that. I asked Mr. Aldrich the same day if it was all right to employ Mr. Inglis as a regular employe of the L. P. Larson Jr. Company. Mr. Aldrich said "That's all right, Mr. Larson; if you think he is the man for you, go ahead and employ him". The first talk I had with Mr. Inglis in which I discussed
1915 with him the employment of him regularly as an employe of the L. P. Larson Jr. Company was on Sunday, April 27, 1919. I asked Mr. Aldrich as to the propriety of that on the same day. I can't say that on that same
(2645) day, Sunday, April 27, I actually employed Mr.
1915 Inglis as an employe of the L. P. Larson Jr. Company. It was the following day that I went to Edward R. Burt & Company and told them that I had had a talk with

Mr. Inglis and that I would like to have Mr. Inglis be in our employ, and thereupon they told me that they had a man they could send over at once to do the work that we requested of them, and as I understand it, we paid Mr. Inglis' salary from May 1st and paid Edward
1916 R. Burt & Company for his services for the 28th, 29th and 30th days of April.

Mr. Inglis did not superintend the preparation of all of these various exhibits and statements that I have produced here since we reconvened on Tuesday of this week, May 20th. I superintended them. As to whether Mr. Inglis had anything to do with the, Mr. Inglis is one of
1917 the employes in the office. I don't know how much work he had to do with them. He did have something to do with them, as I talked it over with him since the adjournment of April 28, 1919. I can't say that we agreed as to the general method of preparing the information which has now been presented here since May 20th. I told him what we had to do as well the stenographers that tabulated the sales for us. I testified yesterday that the Edward R. Burt people told me what I was to do with regard to
1918 preparing these reports. Mr. Inglis, an employe of Edward R. Burt & Company, the first day went over the evidence before preparing any statements and he and the employe of Edward R. Burt & Company told me what was necessary for us to produce under the master's rulings, and I considered him in Edward R. Burt & Company's employ the first day when he went over the evidence before preparing any statement. He went over all of the evidence, I should say. He went over all the testimony that I had given personally. He did that on Monday, April 28th. I would say he spent the greater part of Monday going over the master's rulings. I don't think he went over my entire testimony. As I said, he picked out where the master had ruled on certain subjects, where it
1919 says "The Master", and he read from there. That was
(2646) not after I had talked to him about his being employed
1919 as a regular employe of the L. P. Larson Jr. Company. I did not say, that on Sunday, April 27, 1919, I had a talk about the L. P. Larson Jr. Company employing him regularly and that on the same day I telephoned to Mr. Aldrich as to the propriety of such an arrangement. I said that Mr. Aldrich and I met at our office on April 27, 1919. Mr. Inglis called at our office, upon my request the day

before, Sunday morning to meet Mr. Aldrich and myself. I called him up Saturday to meet me Sunday morning with Mr. Aldrich at my office. That was Sunday, April 27, 1919, and Mr. Aldrich thereupon told Mr. Inglis what
1920 Mr. Mayer had requested us to get up. I did not have a discussion with Mr. Inglis on Sunday, April 27, 1919, with respect to employing him as a regular employe of the L. P. Larson Jr. Company. I did not so testify. I told Mr. Inglis Sunday morning that I needed a man like him in our business, as we had just increased the capitalization of our stock I had to get out some statements. I did not have a discussion with Mr. Inglis on Sunday, April 27, 1919, with respect to employing him as a regular salaried employe of the L. P. Larson Jr. Company. The
1921 first discussion between Inglis and I with respect to his working for the L. P. Larson Jr. Company as one of its regular salaried employes, was after seeing the Burt Auditing Company on April 28, 1919. As I remember it, my first talk with Inglis on the subject of his being regularly employed as an employe of the L. P. Larson Jr. Company was on April 28, 1919. There was no discussion of any kind before April 28, 1919 between Inglis and I having reference to his being regularly employed by the L. P. Larson Jr. Company as one of its regular employes. I did not talk to Mr. Inglis of employing him. I talked with Mr. Inglis about employing a man of his ability, whereupon he offered his services to us. That talk between him and me in which I suggested to him the possible thought on my part of employing somebody of Mr. Inglis' ability took place on Sunday before Mr. Aldrich, and Mr. Aldrich advised me not to say anything to Mr. Inglis before first seeing the Edward R. Burt Company as he was in their employ and it would not be right in us to employ
(2647) Mr. Inglis before speaking to them first. It was on Sun-
1922 day morning, April 27, that I asked Mr. Aldrich for advice as to the propriety of employing Mr. Inglis or talked to Mr. Inglis with regard to employing a man of his type of ability. The first talk was a general talk that I told Mr. Aldrich and Mr. Inglis that I would have to have a man like Mr. Inglis in the employ of the L. P. Larson Jr. Company on account of the increase of capitalization. The first time there was any word dropped by either me or Inglis on the subject either of his being hired by the L. P. Larson Jr. Company as a regular employe or on the

subject of my wanting to employ a man of his type, was in the presence of Mr. Aldrich. After I had said to Mr.
1923 Inglis that I might want to employ a man of his type, Mr. Aldrich and I went in the other room and had a con-
1924 versation on it. On Sunday, April 27, 1919, Mr. Inglis, Mr. Aldrich and myself met at my office in the morning. The purpose of that meeting was the preparation of the reports that I was requested to produce on the hearing here. At that conversation I told Mr. Inglis that I had been requested to produce certain documents. The following Monday morning, April 28, Mr. Aldrich gave him the testimony that I had personally given in this case. At the interview in my office on Sunday morning, April 27,
1925 I discussed with him the preparation of reports to be produced before Master Morrison in the case on hearing. I was talking to him as an employe of Edward R. Burt Company. At that interview I said to him that I might want to employ a man of his ability. Mr. Aldrich heard me say that but he and I did not retire for a conversation in the absence of Mr. Inglis. Mr. Inglis went to telephone to Edward R. Burt & Company about arranging to do this work for us, and while he was telephoning I discussed the matter with Mr. Aldrich. I testified before that Mr. Aldrich and I went into a different room after I had talked to Mr. Inglis with regard to my employing a man of his type and I testified that I asked Mr. Aldrich as to the propriety of my employing Inglis. I don't want to correct
1925 that testimony. Mr. Aldrich retired from the room for some purpose or other, I don't know what, while Mr. Inglis was telephoning and I stepped out in the other
(2648) room. Mr. Aldrich retired out of the room while Mr.
1925 Inglis was telephoning and I heard Mr. Aldrich coming and I stepped out of the room and told Mr. Aldrich that Mr. Inglis was the type of man that I wanted to prepare this work for the increase of the capitalization. Then I asked Mr. Aldrich if it would be all right for the L. P. Larson Jr. Company to hire Mr. Inglis as one of its regular employes. That interview between Mr. Aldrich and myself did not result from any leaving of the room for the purpose of having that interview. All that I re-
1926 member was that we were not in the same room with Mr. Inglis when we discussed the question. After Mr. Aldrich told me it was all right, Mr. Aldrich went back to the room, Mr. Inglis quit telephoning and the three of

us went into conference again. Mr. Aldrich told me not to say nothing to Inglis about employing him before I first spoke to Edward R. Burt & Company. I spoke to Edward R. Burt & Company the next day, Monday, the 28th. After seeing the Burt Advertising Company I next spoke to Mr. Inglis on that subject on the evening of Monday, April 28. I think that that evening, Monday, April 28, I came to an agreement with Mr. Inglis for his employment as a regular salaried employe of the L. P. Larson Jr. Company. I don't remember whether his salary was
1927 determined at that meeting. His duties were to prepare a statement and the general outline of the work for the different departments. It did not include assistance in the preparation of the informaion that might be wanted before the master in this case on hearing. He was not to have anything to do with the work that Edward R. Burt & Company was employed to do. That was absolutely understood betwen Mr. Inglis and I. It was not one of the conditions under which I employed him that he was not to have anything to do with the preparation of any of these statemens that were to be furnished before Master Morrison. Mr. Inglis fully understood that he did not
1928 have anything to do with Edward R. Burt & Company's statement. I am speaking of Exhibit 93. But the other statements that I have presented here, why Mr. Inglis had knowledge of and is familiar with them. It was not his
(2649) work to superintend them. That was my work. His
1928 work was to be limited to the preparation of this prospectus for the purpose of enabling the sale to the public of some of the increase in the capital stock of the L. P. Larson Jr. Company. That was not a matter that required more than a few hours time. Park of that prospectus has been prepared, pertaining to certain subjects,
1929 and other parts have not. The capital stock of the L. P. Larson Jr. Company was increased on April 15, 1919 from $150,000 to $250,000. The financial part of that prospectus has been prepared. That part of the prospectus which shows the growth of the business of the L. P. Larson Jr. Company has not ben prepared. I don't know whether any part of the prospectus has been prepared which has reference to the history and the development of the business of the L. P. Larson Jr. Company. I don't know just how far Mr. Inglis has gone yet. I have not a copy of that prospectus here.

I employed Mr. Inglis by the month. Before we em-
1930 ployed Mr. Inglis, Mr. Bodinson occupied a similar position. Mr. Bodinson was treasurer of our corporation at one time and the work that Mr. Inglis is doing is similar to the treasurer's work. The L. P. Larson Jr. Company has always had a treasurer. Mr. Bodinson was treasurer in 1916, 1917 and part of 1918. He is not with me now. I am the treasurer today. I don't know what business Bodinson is in. He lives in Rogers Park, on Columbia Avenue, I think. The last time I heard of him was the other day when he called up and I sold him a safe for
1931 $150. I don't know what business he is in at present. I understand he is going into the candy business, or whether he is in the candy business today, I don't know. He wanted a safe to go into business. He ceaed being
1932 treaurer of the L. P. Larson Jr. Company August 1, 1918. Mr. Bodinson's duties were of a similar nature to those of Mr. Inglis, but Mr. Inglis' duties are not those of the treasurer of the L. P. Larson Jr. Company. Mr. Inglis' duties are similar to those of the treasurer of the company. In a general way his duties are the handling
(2650) of the finances and the supervision of the books of ac-
1932 count. The duties of Mr. Bodinson since he quit in 1918 and prior to our employment of Mr. Inglis were on my shoulders. On May 20th after we had adjourned I called up our sales manager, Mr. Straw, and told him that I wanted two stenographers to stay to do some work for me. When I came back to the office these two stenog-
1933 raphers were there and I instructed the girl to get these reports out myself. Now, since that time whatever work Mr. Inglis has had to do with these girls I don't know. My instruction has been to these girls to get these reports out. I gave the girls the information which was to be typed by the girls. Those girls were typists. By way of illustration, the boxes of gum shown on Exhibit 94 as having been sold, was prepared by the typists from a report that Edward R. Burt & Company prepared for this hearing. The auditor of Edward R. Burt & Company,
1934 whose name I don't know, did that work for Edward R. Burt & Company. I never talked to any auditor of any auditing concern that came to work for me. Mr. Inglis is not an exception. He was not employed by Edward R. Burt & Company. Mr. Inglis came to the office of L. P. Larson Jr. Company on April 27, 1919, solely for the pur-

pose of discussing as a representative of Edward R. Burt Company the matter of making up reports for Master Morrison. When I say I never discussed any matters with the employes of Edward R. Burt Company, I don't want to exclude Mr. Inglis. The information contained on Larson Exhibit 98 was prepared by the representative of Edward R. Burt & Company, whose name I have said I don't know. The information shown on Exhibit 96 was not procured by any employe of Edward R. Burt & Company. That was statements that I had prepared myself from the statements that I showed to counsel for the Wrigley Company here on Tuesday, May 20. Exhibit 96 purports to
1935 show the Felton Advertising Company's December 1912 advertising account of Peptomint gum. That was information that I personally procured on Tuesday night. As to whether part of the information shown on these various exhibits that have been offered since May 20th has been furnished to the typewriters by me and part of it by em-
(2651) ployes of the Edward R. Burt Company, I will say,
1935 all the work was given by me to the stenographers, part of which I got from Edward R. Burt & Company and part of which the employes of the L. P. Larson Jr. Company got up that I gave to the stenographers. I believe Mr. Inglis took part as an employe of L. P. Larson Jr. Company and prepared part of the information shown on these various exhibits offered in evidence since May 20. Harry Williams and Charlie Straw, other employes of L. P. Larson Jr. Company, may have helped. Harry Williams is our head bookkeeper. Charlie Straw is our
1936 sales manager. The information shown on all the exhibits that have been ocered in evidence here on and since May 20 was procured either by Edward R. Burt & Company or by Inglis, Williams and Straw and myself. The girls also helped prepare the statements. You see Edward R. Burt had that prepared for us on a long sheet of paper for a long typewriter. The girls came into my
1937 private office and I told them what I wanted and they said, "Mr. Larson, we have no paper of that kind. Now, we can arrange by cutting this paper in two slips which will take it for year by year. Miss So and So take one year and I will take another year, and we will put it on this kind of paper, running the months this way". Edward R. Burt & Company had it stretched out on a long sheet of paper this long, so we took and slit the years at

the years and each one of the girls prepared this statement for me, this is, Larson Exhibit 94. They did that work solely for me and nobody else, nobody else's instructions were given to them. I can bring the girls here and they will testify to that. As to whether any of these girls had anything to do with preparing any of the reports or exhibits filed here on and since May 20 except the typewriting part of it, I will say this. I have stated
1938 everything the girls had to do with it of which I have knowledge. The only people who gathered from our books and records any of the information shown on any of the exhibits offered in evidence before the master on or since May 20 are Edward R. Burt & Company, Straw, Williams, Inglis and myself and the girls. No girls, to my knowledge, had anything to do with procuring any of the information shown on any of these exhibits. There
(2652) was one employe of Edward R. Burt & Company in
1938 our office who had something to do with getting up the statements and exhibits. I don't know what his name was. I never met the man. What work was done over in their own office, I don't know. There was only one employe of
1939 Edward R. Burt & Company in our office. I did not testify before that there were two employes of Edward R. Burt & Company working at our office on those exhibits. I said that Mr. Inglis read over the testimony the first day and the master's rulings and advised me on that, and immediately thereafter he was employed by L. P. Larson Jr. Company as one of its regular employes. I don't remember if I had any talk with Mr. Inglis before I definitely engaged him as an employe of the L. P. Larson Jr.
1940 Company as to how much he was earning from Edward R. Burt & Company. I wish it to be understood from my testimony that to my knowledge and belief Mr. Inglis never had anything to do with Larson Exhibit 93. At the time I employed him I had an understanding with him that he was not to have anything to do with preparing that exhibit. Larson Exhibit 101, which I have before me, purports to show the number of boxes of gum from January, 1913 to November, 1913. I did not personally have anything to do with the preparation of that exhibit. To the best of my knowledge and belief, it is absolutely correct. I will swear that the information shown on that exhibit was taken from the books of the L. P. Larson Jr. Company. I am positive because those were my instruc-

tions to Mr. Inglis. I think the stenographer formulated the heading on Exhibit 101, viz., "Boxes of gum sold January to November inclusive, 1913", from the general
1941 make-up of Edward R. Burt & Company's report. I am not referring to Exhibit 93, but I am stating that it was made up from the report that they had made up of the sales that I instructed the girls to make copies of, from their report. I didn't examine Exhibit 101 before it was produced here. Neither did my counsel. In speaking of sales and also of "Boxes of gum sold" in Exhibit 101, I mean by the words "sales" and "sold" boxes of gum that were actually sold to buyers in due course of busi-
(2653) ness. Exhibit 101 represents only sales of that type.
1941 We have been at all times in the habit of giving away gum, one box free with every five, and we have given away a case of gum at times, one hundred boxes, though it varies, but these are boxes of gum that were taken
1942 from our sales record of where gum has been sold. The boxes of gum that were given away free with gum that was sold appear on our sales book, but they are not added in. I am positive they are excluded. That question was not considered before or at the time of the preparation of this Exhibit 101. I may explain there that boxes given away with sales were considered as advertising and not as a sale, and they are not included in Exhibit 101.

As to whether in the course of our business it is a more or less common occurrence for persons who buy gum from us to return it, I will say it is. Only where the Wrigley agent has been to them and told them that if they handled Larson's gum they could not handle Wrigley's Spearmint gum. That has been told to me many times. It was told to me by Mr. Pekarsky of Pekarsky Brothers of Milwau-
1943 kee. He told me that not over thirty of sixty days ago.

(The witness failed to answer the question asking him to give the names of two or three others than Pekarsky who had made similar statements.)

Pekarsky's representative told me that Wrigley's representative called on him. I don't know if he mentioned the name of the representative or not. And he told me that Mr. Wrigley's representative called on him and said that he understands that "we are selling a whole lot of Larson gum", but they don't feel kindly to furnishing them with gum as long as they handle Larson's goods, and Mr. Pekarsky said, "Well, I have got a big sale on

Larson's goods and I am going to continue handling Larson's goods". Wrigley didn't hurt me there, but in many
1944 other cases he did. I would rather withhold the names of others until it is proper for us to put them in. As to whether I think this is the proper time to put them in, I would rather consult with the jobbers and see whether they will verify what they have told me. Many of them have told me, "Now, Larson, I am telling you this, but
(2654) I don't want to get mixed up in this case with you". It
1944 is customary in the due course of business from time to time for some of our customers to return gum to us. They have returned gum to us. I will say that a larger percentage of the returns had to do with the Wrigley Company, but there are instances in which gum would be returned to us by our customers, with which returns the Wrigley Company would have nothing to do. We don't
1945 keep a separate record of all gum that is returned to the L. P. Larson Jr. Company by its customers. I don't know as I can find out what gum has been returned.

Exhibit 101, which purports to show the quantity of gum sold, makes no allowance for any gum that might have been returned and which was included in the sales shown on that exhibit.

I have Exhibit 94 before me. That purports to show boxes of gum sold from December, 1913 to November 12, 1918, both inclusive. I don't think any allowance or deduction has been made in the preparation of that exhibit for gums that were returned. Exhibit 94 does not include the so-called free goods, that is to say, the gum that our company gave away in connection with the sales of gum. Edward R. Burt & Company prepared the figures on Exhibit 94, and up to December 1917 and the period of 1918
1946 was prepared by our office, but these here sheets that I have here presented were gotten up by the girls in the office from Edward R. Burt reports. That is, the Edward R. Burt & Company's report contained information and the girls did the clerical work in typewriting and arranging it. The girls did the mechanical part and arranged it.

The first reason which influenced customers to return gum to us, I would say is on account of the attack of Wm. Wrigley Jr. Company. The second reason, the gum being injured in shipment from water and customers that had not been able to pay their bill. I don't know of any reason than all gums get into a climate once in a while

where it is humid weather that sticks to the paper, that the customers return for replacement of gum. Gum can
(2655) also deteriorate from laying on the shelf too long.
1946 All gums will dry up and get hard after laying a certain length of time, a customer having gum on hand too long will return it for fresh gum.
1947 (Mr. Mayer then asked the witness for the name of any customer who had quit L. P. Larson Jr. Company because of statements made to the customer by the Wrigley Company that they would not deal with that customer if that customer continued to handle Larson goods. Mr. Aldrich objected to this on the ground of irrelevancy and incompetency and the objection was sustained. The master ordered stricken out of the record all the witness' testimony respecting any attempted interferences on the part of the Wrigley Company with sales by the Larson Company on
1948 the ground that it had no bearing on the question of the Canadian and Australian business.)

1949 (May 22, 1919, 2 o'clock P. M.)

Larson Exhibit 100 refers to a letter of the 14th inst. apparently sent by the L. P. Larson Jr. Company to the Musselman Grocer Company, a branch of the National Grocer Company. I don't know whether I have a copy of that letter of July 14, 1915, but I will investigate and produce a copy if I have one.

I have the loose sheets here, from what I said before the master at a prior hearing was a loose leaf ledger. I have nine of such sheets here.
(2656) Exhibit 78 is one of those loose leaf ledger sheets. As
1950 I understand it the other eight or nine loose leaf ledger sheets have not been offered in evidence. One of those loose leaf ledger sheets has been referred to by Mr. Mayer
1951 as Exhibit 74. Including Larson Exhibit 74 there are ten loose leaf ledger sheets that I brought here.

(The said loose leaf ledger sheets were then marked for identification Larson Exhibits 102 to 109 inclusive).

Those ten sheets came from the filing book of the L. P. Larson Jr. Company. By the expression "filing book" I refer to the place where the loose leaf sheets are filed after they have been filled. Those sheets are not all of the loose leaf ledger sheets that have been filled. I selected those particular ten sheets on the basis of Mr. Mayer's request to furnish such sheets that the entries

1952 were posted to from the cash book and journal of the L. P. Larson Jr. Company on page 1. By page 1 I mean Larson Exhibits 76 and 77. (Larson Exhibits 102 to 109 inclusive appear in the record between the pages 1951 and 1952. All of those ten sheets came from the ledger used by the L. P. Larson Jr. Company. I don't think any of those sheets were used by any other corporation or person than the L. P. Larson Jr. Company. I will say after looking over these sheets these are sheets only used by the L. P. Larson Jr. Company. As to my hesitancy of answering the question at first was that the Zulu Manufacturing Company used a similar loose leaf ledger and I thought maybe that some account that consisted of only one account, instead of making out a new loose leaf ledger sheet, the bookkeeper, may have taken it from the Zulu books and put it into the L. P. Larson Jr. Company's books, but I find that these are all original leaves used by the L. P. Larson Jr. Company since the increase of the capitalization, January 1, 1913.

(2657) The date of the earliest entry that appears on any
1953 of these ten sheets is July 28, 1911. That appears upon the sheet headed "Cash" and marked Larson Exhibit 74. That exhibit has a date of July 28, 1911. The item is "Cash 2500". That means that the L. P. Larson Jr. Company had on July 28, 1911, $2500. The date was originally "1912" written in ink and some one has written the figure "1" over the ink "2" so as to make it appear as 1911, the bookkeeper making a mistake in the year when he copied the sheet, thinking of the present time, or of the year he was in, and then changing it back to the right date. That is, I think the bookkeeper actually wrote
1954 that in 1913. Exhibit 74 is the one that had in the upper right-hand corner the date line in ink "1913" and some one has written a "1" in pencil over the "3" so as to make it appear to be 1911. At any rate it is my present opinion that all the ink that appears written on Exhibit 74 was written in the year 1913. I don't know in whose handwriting those ink entries are. It was the bookkeeper's handwriting in transferring the record from my personal ledger or the ledger I kept of the L. P. Larson Jr. Company into the ledger that the L. P. Larson Jr. Company opened up upon the increase of their capitalization, that is, he wanted all the ledger sheets uniform, he didn't want to keep my old ledger that I kept so he copied from my

ledger into the L. P. Larson Jr. Company's ledger these items in 1913 which consist of items that were entered in 1911 on a bound ledger sheet. That is the bound ledger
1955 that I feel has been stolen. In 1913 the L. P. Larson Jr. Company increased its capital stock and the bookkeeper then transposed to new loose leaf ledger sheets of the
(2658) L. P. Larson Jr. Company the terms that appeared on the ledger that I had personally theretofore kept. The ledger which I had personally kept is the one that I now say is lost or stolen. I am not sure but what the name of the bookkeeper that wrote Exhibit 74 was George Tabert. He was our bookkeeper at that time. I never made any inquiries to ascertain who made those pencil changes and who wrote the ink entries in Exhibit 74. I never had any occasion for it. They were records that I took out of the regular files. Exhibit 74 shows a credit for $1500 for advertising. As originally written, the date of that credit was January 2, 1913, and somebody changed the date in
1956 pencil so as to read January 2, 1912. The date of the earliest entry originally written on Exhibit 74 was July 28, 1911 and no change has ever been made with respect to that. But the particular entry on that particular exhibit was actually written there in 1913. The date of the earliest entry on Exhibit 78 is the first item dated January 2, 1912. That indicates that $1500 was charged to advertising and promotion. There is writing on both sides of that exhibit. Mr. Mayer then called attention to the fact that the record contained only a photographic copy of one side of the exhibit and Mr. Aldrich agreed to furnish photographs of both sides of each of the ten sheets then under discussion. January 2, 1912 was the first date or entry on Exhibit 78. That entry was not written on that date. It was written on the opening up of the books of the L. P. Larson Jr. Company when it increased its capitalization. That would be about January 1913. I am under the impression that the bookkeeper that wrote that Exhibit 78 was George Tabert. There is nothing in writing on Larson Exhibit 78 by anybody else that I recog-
(2659) nize. January 2, 1912 represents the correct date when the $1500 cash was paid out as shown in the first item of Exhibit 78. The next cash item that appears on the face of Exhibit 78 is $85.02 under date of January 31, 1912. That item means that the money referred to was expended in January. To state it correctly the money was spent

in 1913 and the bookkeeper omitted putting the date of 1913 there. The date "1913" should have come under January. The "1913" should appear right under January 2 of 1912. The first item on the first line of Larson Exhibit 78 is a debit of $1500 under date of January 2, 1912, for cash which has been posted to folio 1. I think
1959 that 1913 ought to appear immediately under that item. The second item on Exhibit 78 was originally written January 2, 1912, Sund. $15,966.85, and posted at folio 1. Somebody has changed the date from January 2, 1912, as originally written in ink, by writing in pencil "6" over the "2" so that it now appears to be an item under date of January 6, 1912. I think that was in fact an item which was entered on Exhibit 78 on January 6, 1912. I think that was in fact an item which was entered on Exhibit 78 on January 6, 1913. The two items dated January 31, 1912, and the item dated January 2, Sundries $5,000 should have been for the year 1913 instead of the year 1912. In my opinion the items following beneath those just referred to, in February, in March, in April, in May, June, July, August and September, October and November, now appearing as being 1912 on the debit side, all were in fact 1913 items. On the reverse side of Exhibit 78 appears a continuation of what there is on the face of Exhibit 78. On that reverse side the first item is December one without the year named. That year should be 1913. The journal exhibit 73 proves that the second item on Exhibit 78, originally January 2, 1912, changed
(2660) in pencil to January 6, 1912, should have been 1913.
1961 The original entry is in Larson Exhibit 73, page 1-A, which is in evidence as Larson Exhibit 77. Larson Exhibit 102 headed "Fixtures and Machinery" is in the handwriting of our bookkeeper, at that time Tabert, I think. I paid the balance of the purchase price on that Berger machine I testified about in 1911. I haven't been able to find any receipt or record or memorandum to show that. That was one of my personal records. Those are the records I think were stolen. On Exhibit 102 under date of June 30, 1913, appears a debit under the Fixtures and Machinery Account of $2500 for one rotary machine. I believe that is the same machine that I testified was
1962 bought by me from the Berger Company in August, 1911 having been transferred from another sheet under Fixtures and Machinery. I suppose the sheet from which

the last $2500 rotary machine entry which was transferred, was opened up on January 6, 1913, as a special account under "Wrapping Machines" and I decided that the rotary wrapping machine was Fixtures and Machinery and had it transferred under Fixtures and Machinery. This entry on the loose leaf ledger sheet, Exhibit 102, was not transferred from some other book. The word "trans." means it was transferred from one of these ledger sheets which was headed Rotary Machines under Fixtures and Machinery. I have not produced here any such loose leaf ledger sheet. That is not one of the
1963 loose leaf ledger sheets which I think was stolen. These entries on these loose leaf ledger sheets are posted thereon from other books and records and are supposed to indicate the folio or page from which they are transferred and they so indicate in all instances except this one. And under the column headed "folio" with respect to that rotary machine, instead of having a folio number we have "trans". That "trans" indicates that the entry as to
(2661) that rotary machine under date of June 30, 1913, $2500, was transferred to Exhibit 102 from some other record, from a similar loose leaf ledger sheet, which was headed under Rotary Machines. The object of having the same entry appear on another loose leaf ledger sheet was that we had just purchased another wrapping machine known as the Redington machine and this machine
1964 we had on hand at the time we purchased the Redington known as a rotary machine, and as that was an item that properly should be put under Fixtures and Machinery, we transferred the item that we carried as Rotary Machines under Fixtures and Machinery. Therefore it would have no folio number. It is simply a transfer from one account to another account, or to an account of a different name. That other loose leaf ledger sheet was headed Rotary Machines to the best of my knowledge. It must be 1913 since I last saw that loose leaf ledger sheet. I think I have a recollection as to how it was headed from the entry, as it would be stated on the ledger sheet wherefrom it was transferred and I have had transfers of that kind before where we would open up a special account
1965 under some heading like "Dreyfus Substitute" or somebody else's substitute. We figured that all that should be put under one item as they are one class of goods and we have transferred accounts exactly like that and that is

where I get my impression that that account was handled the same way. The rotary machine was actually turned over to the L. P. Larson Jr. Company in January, 1913. Prior to that time I had not been using that rotary machine in that personal, independent, private Peptomint gum business that I told you about. The Zulu Manufacturing Company was having the use of it for the wrapping of chewing gum for the L. P. Larson Jr. Company.
(2662) The Berger Machine Company had us take out the in-
1966 surance to guarantee us while they were demonstrating the machine. That insurance was taken out in the name of the L. P. Larson Jr. Company or it may have taken out in the L. P. Larson Jr.'s name for the benefit of the Berger Machine Company. I looked after the insurance in 1911. I don't remember what insurance agency. I changed insurance agencies. The Zulu Manufacturing Company kept in 1911 and 1912 a regular inventory of all the stock on hand and machines. As to whether any of those inventories disappeared I have not had any occasion to look for any inventory of the Zulu Manufacturing
1967 Company. Inventories were taken once a year in those days. I am sure I can't produce the inventories of the Zulu Manufacturing Company for the years 1911 and 1912 for the reason that they were taken on sheets of paper only to get up the stock and to get the total figure which we used in entering in our books. Our books will show to whom the insurance moneys were paid of the L. P. Larson Jr. Company or by myself on my individual behalf or by the Zulu Manufacturing Company. The Zulu
1968 Manufacturing Company paid the insurance on the contents of the building. Those contents did not include this rotary machine. If there was a fire I would not have been able to collect for this wrapping machine. I don't think there was any insurance carried on that rotary machine during the years 1911 and 1912. After the insurance
1969 which the Berger Machine Company forced me to carry as security there was no insurance. The Zulu Manufacturing Company carried insurance on what it owned including its machines and fixtures. I don't think there was any separate insurance carried on this rotary machine. I think it was left uninsured for the entire year of 1912 and part of the year 1911. I don't remember
(2663) whether personally on my own sole, private, personal, individual behalf I carried any insurance at any time in

the year 1911 or 1912 on any tools, fixtures or machinery pertaining to the gum business. My only recollection of any insurance personally carried is only that which was carried for the Berger Machine Company and that insurance continued until it expired. I don't know when it ex-
1970 pired. It was carried in the name of the L. P. Larson Jr. Company as I remember. I have no way of ascertaining which it was. As to whether in the year 1911 or 1912 the L. P. Larson Jr. Company carried any insurance on any tools, machinery or fixtures pertaining to any gum business, I will say yes. Come to think of it, we had insurance over on South Water Street where we or myself personally conducted the gum plant. I would say that the insurance at 115 East South Water Street was carried by me personally on my own private behalf in 1911 and 1912. I don't know whether the L. P. Larson Jr. Company carried any insurance of any kind on any tools or fixtures or machinery pertaining to the gum business
1971 in either the year 1911 or 1912. The only way that I can refresh my memory on that is that I had an investment those days in the making of chewing gum in machinery and naturally I ought to have carried insurance. Now, how I carried that insurance, whether under L. P. Larson Jr. or L. P. Larson Jr. Company, which was one and the same thing in those days, why, I can't say, Mr. Mayer, I must have carried insurance. I don't know of any way I have of finding out. I will be glad to furnish any information on that subject that I possibly can. I don't pretend that the L. P. Larson Jr. Company, the corporation, owned that rotary machine that I bought from the Berger Machine Company under Exhibit 80 at any time prior to 1913. The L. P. Larson Jr. Company itself didn't have any cash except the $2500 which was expended for the trademark and for
(2664) advertising other than I advanced it. My view is that
1972 the rotary machine when it was bought was the property of the L. P. Larson Jr. Company, it amounted to the same thing, it was bought in its name, the bill of sale was made in its name and it must be manifest that the manufacturing company selling it under such a contract as that would require the insurance to be in its name, anybody would know that, and the L. P. Larson Jr. Company may have owed Larson for the money he advanced to pay for it, but unquestionably under that contract it owned it. The docu-

1973 ment which I call a bill of sale is Larson Exhibit 80. The wrapping machine we have been talking about is the same machine referred to in Exhibit 70 in which on January 6, 1913, I made a written proposition to the L. P. Larson Jr. Company to sell, transfer, assign and set over
1974 certain property including one rotary wrapping machine at $2500. My explanation of the fact that I undertook to sell to the L. P. Larson Jr. Company the rotary machine at a valuation of $2500 which the Company already owned is simple. The explanation is this, that the L. P. Larson Jr. Company were having turned over to them from L. P. Larson Jr. a certain amount of assets. Exhibit 102
1975 contains as erasure on the second line in the credit side. I don't know what was erased. That was back in 1913 and I don't remember anything about that. I have testified that that entry of the rotary machine on the loose leaf ledger sheet, Exhibit 102, was the only one that didn't have a folio page indicating the place from which the transfer was made. The sheet does not indicate where the
1976 second item on that exhibit which reads, "January 18, 1913, scale and truck $16.50" was posted from. It is left blank. The third item "March 31, 1913, merchandise (2665) purchased $42.21" does not indicate where it was posted from. Neither does the next item "April 2, 1913, office partitions $5.00" indicate where it was posted from. The ink writing entries on Exhibit 102, I believe, are that of George Tabert, who was the bookkeeper at that time. The sheet also shows that on June 19, 1913, the Redington machine was bought for $2500. That was the first Redington machine I had ever bought by, for or on behalf of the L. P. Larson Jr. Company. L. P. Larson Jr. Company paid on behalf of the L. P. Larson Jr. Company the
1977 balance due for the Berger rotary machine. That was paid for in addition to the original $700 that was paid at the Continental and Commercial National Bank as indicated by Exhibit 81. I either held it in the bank or gave them a check for it. The Zulu Manufacturing Company was a going, operating, solvent concern from July 28, 1911, continuously to at least January 1, 1913, and it was actively seeking business. During that time also it was manufacturing and selling gums of different brands although I don't know whether it was during all of that period. Whether there was any time between July 28, 1911 and January 1, 1913, that the Zulu Manufacturing

Company was not engaged in the business of both manufacturing and selling gums of different brands, I cannot say. I don't know what time we moved the plant over to 29 South Clitnon Street from South Water Street where
1978 I personally was conducting the manufacturing of the gum, of Peptomint gum. I don't remember whether it was in 1911 that I moved. I suppose I can learn the exact date when I moved from 115 East South Water Street to 29 South Clinton Street. I can't say exactly whether the Zulu Manufacturing Company was manufacturing gums of different brands during the entire time between July 28, 1911, and January 1, 1912. I would rather look that
(2666) up and then testify. The Zulu Manufacturing Company was actually engaged in the gum business. I would like to look the date up as to the time the Zulu Manufacturing Company took the manufacture of the gum over from me personally and I will gladly make a report of it. I believe it was at the time when I moved the plant from 115 East South Water Street to 29 South Clinton Street that the Zulu Manufacturing Company took over the
1979 manufacturing of the chewing gum. Prior to that time I had not personally on my own individual behalf been manufacturing all the Peptomint gum that had ever been made. The first gum, as I remember it, made that was wrapped under the Peptomint labels was made by the Enswinger people. That was the Ripe Fruit Gum Company. The Zulu Manufacturing Company was an actively operating business during all the time between July 28,
1980 1911, and January 1, 1913. In those various disbursements which I personally made between July 28, 1911, and January 1, 1913, I distinguished as to whether I should charge those disbursements to my own personal, individual account and own personal, individual business or to the L. P. Larson Jr. Company or to Zulu Manu-
1981 facturing Company. I can't answer yes or no. All the money I spent I figured was being spent all for my personal good and any itemizing of different amounts of money that I did spend for the furthering of the business was merely a form of keeping track of it. I would say there was hundreds and hundreds of dollars I never got from the Zulu Manufacturing Company that I have expended for the Zulu Manufacturing Company and it all belonged to me from the time we started to manufacture chewing gum. Now, when I say it all belonged to me I

(2667) mean this, that there were other stockohlders in the
1982 proposition. They were moneys I got back that I charged to the Zulu Manufacturing Company. As to whether I got back from the Zulu Manufacturing Company any moneys that I advanced in connection with the gum business between July 28, 1911, and January, 1913, I can answer that yes and no. As to whether I got back from the L. P. Larson Jr. Company any moneys that I expended in the gum business between July 28, 1911, and January 1, 1913, I will answer yes. As I started to say before, where money was spent in furthering the sales for the L. P. Larson Jr. Company of Peptomint gum, I had more than expended the $1500 so that used up the L. P.
1983 Larson Jr. Company's treasury. Then I kept track of what I spent for the L. P. Larson Jr. Company, and where the Zulu Manufacturing Company had any expenses on my part, why I would charge the Zulu Manufacturing Company with such expenses as I thought would be right. When I was expending money out of my own pocket between July 28, 1911, and January, 1913, in connection with the gum business I did not given any consideration to the question as to whether I should get those advances back from the L. P. Larson Jr. Company or from the Zulu Manufacturing Company. It all belonged to me and whatever money I expended, why I was spending it for my own personal behalf. Mr. Franz did not have a third interest in the Zulu Manufacturing Company in 1911 and 1912. He was not my partner or stockholder in that company. He went out before I started the making of the chewing gum myself or the Zulu Manufacturing Company. Peptomint was the first brand of gum I started to make myself. I started to make the Peptomint chewing gum myself on my own personal, private behalf before or after the Zulu Manufacturing Company began to manufacture it. Franz was not a stockholder in the Zulu Manufacturing Company at the time it first began to manufacture
(2668) Peptomint gum. He was never a stockholder after we
1984 started to make Peptomint gum. By "we" I mean the Zulu Manufacturing Company, L. P. Larson Jr. Company of L. P. Larson, Jr. The Zulu Manufacturing Company commenced at a certain time to manufacture Peptomint gum. I would not be a bit surprised if the questions being asked me have any bearing on my lawsuit, but I have
1985 not been giving that any consideration. I have not been

thinking about that at all. The $2500 rotary machine under date of June 30, 1913, on Exhibit 102 was the first rotary machine that either the Zulu Manufacturing Company, myself personally or the L. P. Larson Jr. Compan. ever had. The Redington machine shown under date c. June 19, 1913, also $2500, was the first Redington machine that either I personally, the Zulu Manufacturing Company or the L. P. Larson Jr. Company ever owned. The Redington machine was a gum wrapping machine used for wrapping Peptomint gum. I think it was acquired in January or February, 1913. Prior to January, 1913, there were two wrapping machines owned or used by myself personally or by the L. P. Larson Jr. Company or the Zulu Manufacturing Company. There was a machine to wrap the Zulu gum and a machine to wrap the Peptomint gum.

(The witness then corrected his testimony by saying that he thought that Mr. Mayer had been inquiring about a time prior to June, 1913).

There was a period before January 1, 1913, that we had two wrapping machines for Peptomint gum. The second machine was a second-hand machine. I believe that was put in to be demonstrated. That was in 1912 over at 29 South Clinton Street, which was the Zulu Manufacturing Company's plant at that time. That machine that was put in there for demonstration purposes was not bought. The Redington machine was bought at a down payment
(2669) and a monthly payment after that. I don't remember
1988 the date of the first payment. I believe I have a way of ascertaining it. On the reverse side of Larson Exhibit 102 there is a credit under date of July 23, $2500, machine to Zulu posted from folio 100. Page 100 of Larson Exhibit 73 has the item "Fixtures and Machinery $2500, F. B. Redington Company". The whole item reads:

"F. B. Redington $2500 Fixtures and Machinery $2500. Error in charge. Should be Zulu Manufacturing Company. L. P. Larson Jr. credit $1500. F. B. Redington Company $1500. F. B. Redington Company $250. Check #4658 returned $250."

(Mr. Mayer offered in evidence page 100 in Larson Exhibit 73. It was received in evidence and marked Larson Exhibit 110.)

1990-1991 Larson Exhibit 110.

1992 Larson Exhibit 110 is in the bookkeeper's handwriting.

I don't know his name. As to what those journal entries on Exhibit 110 mean, I will say at that time this machine was purchased from F. B. Redington & Company the Zulu Manufacturing Company had a rating with Dun and Bradstreet and I gave the Redington Company, as I remember, the Zulu Manufacturing Company's guarantee by its president, L. P. Larson Jr., but L. P. Larson Jr. personally paid for the machine which the books show. I don't know the date, but L. P. Larson Jr. has got credit here for $1500 that he had paid F. B. Redington Company and where the bookkeeper made a notation "Error in entry. Should be Zulu Manufacturing Company". I can't explain other than he saw the contract and saw that it was guaranteed by the Zulu Manufacturing Company or his understanding was that L. P. Larson Jr. was personally paying for this machine and he wanted to carry it as Zulu Manufacturing Company
(2670) account. I have not that contract here. Now, that was one of those things that involved the L. P. Larson Jr. Company, Zulu Manufacturing Company and L. P. Larson Jr., and F. B. Redington Company, knowing me
1993 as the Zulu Manufacturing Company's president, wanted something more tangible as a guarantee and they took my personal guarantee or Zulu Manufacturing Company's guarantee. In other words, they took both guarantees for the purchase of the machine. At the time of that purchase the L. P. Larson Jr. Company had a financial rating. I believe this machine was arranged for by the Redington Company in the fall or winter of 1912, that is, December of 1912, and L. P. Larson Jr. Company was increased in January, 1913, and did not have any
1994 Dun and Bradstreet rating at that time. The L. P. Larson Jr. Company never applied to the Redington Company for any credit that it was denied, or to anybody else. That machine was bought by the Zulu Manufacturing Company. The Zulu Manufacturing Company sold Peptomint gum to the trade between July 28, 1911,
1996 and January, 1913. Some of those sales were made by me personally on behalf of the Zulu Manufacturing Company. During the same period Peptomint gum was sold by and on behalf of the L. P. Larson Jr. Company and some of those sales were made by me personally. My motive was to build up a reputation for Peptomint gum. As to why some of that Peptomint gum was being sold

under the name of L. P. Larson Jr. Company between July 28, 1911, and January, 1913, some Peptomint gum was being sold during the same period of time under the name of the Zulu Manufacturing Company. The Zulu Manufacturing Company had sales people working for them selling vending machines and they wanting another line to sell, Larson Company and the Zulu Manufacturing Company permitted the Zulu sales people to sell Pepto-
(2671) mint gum along with their vending machines, and the result was that we did more business in our Peptomint gum than we did on our vending machines and vending
1997 machine gum. The Zulu Manufacturing Company's sales people took to selling Peptomint gum more readily than they did the vending machines or the vending machine gum, and I, considering that good business to get distribution of Peptomint gum, I permitted the Zulu Manufacturing Company to sell it along with their vending machines. I don't mean to imply that when the Zulu Manufacturing Company was selling gum that the wrappers on the Peptomint gum had the name of the Zulu Manufacturing Company on it. I simply meant that the Zulu Manufacturing Company would bill it and collect for it and that the men that were selling the Peptomint gum would sell it as agents of the Zulu Manufacturing Company and known to be representing the Zulu Manufacturing Company. All Peptomint gum bore the name of L. P. Larson Jr. Company on the wrapper. As to how I determined when I personally sold Peptomint gum between July 28, 1911, and January, 1913, whether those sales should be turned in to the Zulu Manufacturing Company or to the L. P. Larson Jr. Company, I will give an
1998 instance:—Where I would sell 100, 200 or 500 or a thousand vending machines to an agent to vend the Zulu gum he would say to me, "Mr. Larson, I can advertise your Peptomint gum if you permit me to stick a little slip in say five of the sticks out of a hundred that go in a machine whereby a person gets a stick with that slip in, it will read "Good for one package of Peptomint Gum". Now, with every box of Zulu gum that I sell or deliver on the machines I will give five packages of Peptomint gum, that is, each package of five sticks of gum to the
(2672) merchant, and in that way the merchant will get to handling Peptomint gum. In that way the Zulu Manufacturing Company would get the credit for that sale be-

cause it gave the gum away with the Zulu gum that it sold to this particular agent. Now, when the repeat sale would come in from that agent the corporation that would have the credit for that would be the Zulu Manufacturing Company because it received the order. Now, where I did not make a sale of vending machines, but a straight sale to a jobber and I was going to represent myself as Mr. Larson of the L. P. Larson Jr. Company I would bill it as the L. P. Larson Jr. Company. I kept a separate
1999 set of books for the L. P. Larson Jr. Company to January 1, 1913, of sales of Peptomint gum. Those are the private records that I have referred to a number of times, Mr. Mayer, sales that I made personally for the L. P. Larson Jr. Company in which I carried for them a man that didn't have the money to carry the stock of goods, I would personally send him the gum and would carry it for him, the account. I don't remember where the first set of books ever used by the L. P. Larson Jr. Company were purchased. By reading from the stamp in front of the books I would say that they were purchased from P. F. Pettibone & Company, Stationers and Printers, 27 North Desplaines Street, Chicago.

2000 May 23, 1919.

L. P. LARSON, JR.:

Direct Examination by Mr. Mayer (Continued).

I have brought herewith a carbon copy of the letter to
2001 James E. Lowry, of Holdrege, Nebraska, which was along the same line of the letter of inquiry we wrote to the Musselman Grocer Company. (I hand this carbon copy of letter to Mr. Mayer.) That carbon copy is the only thing that I found in the file pertaining to the cor-
2002 respondence with Mr. Lowry. There are parts of the Lowry letter which are wholly different from the type (2673) of letter which you wrote to the Musselman Grocer Company, but in general the letters are of the same kind. I saw Mr. Brooks of the Redington Company this morning in order to ascertain the date of the first payment on
2003 the Redington machine. And Mr. Brooks told me that their company, F. B. Redington Company, was sold out along the year 1913 and all records and files have been

stored away, that a new company being organized, that their present company has no records, but remembered
2004 that the sale was either in the fall of 1912 or the spring of 1913. I personally gave an order for the Redington machine. I believe it was to Mr. Weiskopf, the sales manager of the Redington Company at that time. There was a regular contract drawn up on it. I had a duplicate of that contract but I can't find it. That contract was not among the stolen documents. I would say that that contract is in the files and I am positive that I can produce it. I will produce it together with any correspondence between the Redington people and myself or any concerns with reference to that purchase. I have not been able to find out the date I removed from 115 East
2005 South Water Street to 29 South Clinton Street. There was a lease to the South Water Street premises but I don't know whether it is still in existence. The building on South Water Street was a building six or seven stories high and the L. P. Larson Jr. Company gum plant occupied something around 2,000 square feet—large enough to manufacture gum—on the fifth floor. We just leased a part of the building. The lease didn't run to
2006 the L. P. Larson Jr. Company. I don't remember just how that lease was made. I know that I felt safe enough to put the gum machinery in that space. Now, how that lease was, whether we took it over from the people that
(2674) occupied that space and I guaranteed the space, or what the exact transaction was, I don't remember. The space we occupied didn't cover an entire floor, about 2,000 feet of the floor. There were two rooms. I don't
2007 remember what rent was paid. As I remember, the first lease we had was something around fifty dollars, less than fifty dollars a month. I am speaking about 115 East South Water Street. It was less than fifty dollars a month for the reason that there was another gum concern in the quarters next to us, and I bought that machinery, and whether I took over that lease, which I think I did, why the rent total would be something around seventy-five to eighty or ninety dollars a month. I have
2008 no records of those leases that I know. Those leases were not in the stolen box. L. P. Larson Jr. was the person that conducted the business at East South Water Street. That business belonged to me personally, individually and in behalf of the L. P. Larson Jr. Company.

I don't think there was any name on the door. We were not soliciting any business, only manufacturing gum for L. P. Larson Jr. Company, Peptomint chewing gum. It may have been in the later period that we started to make some Zulu gum out there. I don't remember from July 28, 1911, to January 1, 1912, where I was making any gum other than Peptomint at 115 East South Water
2009 Street. I don't know the date the plant was transferred to 29 South Clinton Street, and I don't know whether it was before the expiration of the lease to 115 East South Water Street. It may have been as I would not consider the rent any expense in the furthering of my business in larger quarters. I never employed at 115 East South Water Street over a half dozen people. Their duties were to manufacture the gum and pack the gum in boxes to be sent over to 29 South Clinton Street to be
(2675) wrapped in labels and bands and then boxed for the trade. As I said before, there might have been some Zulu gum made over there and wrapped over there,
2010 but as far as the Peptomint gum was concerned it was wrapped over at 29 South Clinton Street. To the best of my recollection that is true of all Peptomint gum that was made at 115 East South Water Street. At 29 South Clinton Street I had this Berger machine. The largest number of employes working at 29 South Clinton Street in connection with the gum business at any time during 1911 was between forty and fifty people. During the late summer of 1911 or summer of 1911 I would rather say, or better still the last half of 1911, most all the employes were working on the chewing gum, that is, the larger portion of the help was girls that warpped the gum by hand. I am speaking of 1911 only, and 29 South Clinton Street. All the people at 29 South Clinton Street in 1911 were all working on Peptomint gum except one or two girls I will say that used a little machine
2011 to wrap the Zulu gum on. The smallest number of employes at 29 South Clinton Street at any time between July 28, 1911, and January 1, 1912, was the day after the injunction when I had to close my factory which was either in October or November, I had to let all the girls go that were hand-wrapping. Peptomint. I let all the girls go. There must have been between thirty and forty of them. We had just got the Berger machine in about two or three weeks before the injunction was

slapped on us. The Berger machine was used in the wrapping of Peptomint gum, two weeks before the injunction was served on us. It may have been four weeks or may have been six weeks that that machine was wrap-
2012 ping. I know the Berger machine was wrapping Peptomint gum because the packages were so much better wrapped than the girls could do by hand. I could not
(2676) find a list of the employees in 1911 and 1912. These employees about forty in number that I had in 1911 at 29 South Clinton Street were all being paid. The summer of 1911, when we first started out to hire girls to wrap Peptomint gum, either L. P. Larson Jr. or L. P. Larson Jr. Company or Zulu Manufacturing Company paid them. I don't just remember how I handled it at that time. I could not take charge of all these girls and do all the detail work at the same time. It might have been that at this particular period that I am speaking of that I paid them personally or it might have been that the Zulu Manufacturing Company had already taken charge of these girls and was wrapping it for the L. P. Larson Jr. Company. I believe, in thinking it over, that
2013 the Zulu Manufacturing Company did do the hiring and firing of these girls and, my best recollection is, paid them. As to whether any of the books of the Zulu Manufacturing Company for 1911 or 1912 have disappeared or have been lost or stolen, I will say that they are the old records, that I have not been much interested in, but in going over records and looking up records I have not found anything but odds and ends of things, of records, back in 1909, 1910 and 1911. The Zulu Manufacturing Company had a bookkeeper and a regular set of books at 29 South Clinton Street during the period of time between July 28, 1911 and January 1, 1912, and the Zulu Manufacturing Company was buying materials and paying for them. In 1911 the Zulu Manufacturing Company was selling and manufacturnig gum. I remember now that I gave the Zulu Manufacturing Company an order for 25 cases of Peptomint gum. I am now able to state definitely that during the entire period of time from July 28, 1911, and January 1, 1912, the Zulu Manufacturing Company was manufacturing and selling Peptomint gum and they were doing that at 29 South Clinton Street.
(2677) The Zulu Manufacturing Company had no other place of business during that year and the same thing is true

in 1912, that is to say, the Zulu Manufacturing Company was manufacturing and selling Peptomint gum during the entire year of 1912, and during that entire year it was located at 29 South Clinton Street and had no other
2015 place of business at that time. I testified that there were about forty employes at one time working at 29 South Clinton Street in connection with the gum business between July 28, 1911, and January 1, 1912. Those employes were engaged in manufacturing and selling the Peptomint gum for the Zulu Manufacturing Company, the L. P. Larson Jr. Company and L. P. Larson Jr. I would say that those forty employes were the ones that were hired by the Zulu Manufacturing Company, but I don't know. The books of the Zulu Manufacturing Com-
2016 pany for 1911 would not show the names of every one of those forty employes and how much they were paid. There is any number of concerns that do not keep any more of a record than a payroll. They pay out so much money to so many employes. The Zulu Manufacturing Company kept a pay roll in 1911 showing what payments were made to these forty employes. I do not know where that pay roll is. That pay roll will show dates and amounts of payments. I don't think it would show the
2017 number of employes. There were envelopes made up as I remember by the bookkeeper or myself or whoever was taking charge of it at that time, and we would go over and get the cash or we would have the cash in the house and put the cash in the envelopes and give it to the girls as they passed out. That cash would come either from the bank or it would come in in the way of sales people coming in and buying gum. We had not exactly peddlers, but people buying the gum that would come in there and buy gum, five, ten, fifteen, twenty-five dollars worth of gum at a time and take it out and sell
(2678) it throughout the country. We kept a cash account of cash on hand. And of all cash received and of all sales and of all receipts from sales, whether cash or from charge customers, the Zulu Manufacturing Company kept a full set of books. This box which was stolen contained my entire records. They were old records of 1909, 1910, and 1911 in the stolen box. They might have been records of 1912 also. I don't know of any of 1913 being in that box. That box was never in my home. I don't know how long the documents that were put in that box

were at my house. I can't give any approximate information, only as to the finding of old records that were produced to me, if there were any good or not, I would select such records and throw them in one of the drawers of my desk. At my office, and when we moved our office or factory from one place to the other and cleaning out our drawers, why I would take things there and throw them in this trunk that I had with records that I never thought much of but still at the same time I was saving. I have made entries in my books or records at home. I was in the habit of doing bookkeeping at home. That was one of the reasons for taking some of these records home. I remember these records in the apartment I was living in at 1724 North LaSalle Street and that was along in 1912, 1913 and 1914. I don't mean by that that some of those records were at that place as long as three years. I remember seeing the records there. Mrs. Larson asked me what I wanted with these records. I don't know if there were there as long as three years. I said during that period I saw them there. I would say that the records were there from 1908 or 1909 and as time went on I accumulated them, either at my home at 1724 North La Salle Street or Oak Park. I lived at 1724 North LaSalle Street from 1908 to 1917; and I moved from (2679) there to Oak Park and in the spring of 1918 I moved up to the Seville Apartments on Sheridan Road and from there I moved on July 28, 1918 to 7015 Sheridan Road. Before I moved to 7015 Sheridan Road, I moved in the fall of 1917 out of the house in Oak Park to an apartment in Oak Park. Those stolen or lost records were never at the Seville Apartments. They were at the apartment in Oak Park and at the house in Oak Park. I took them downtown from the Oak Park apartment and gave them to Welch. The largest number of employes at 29 South Clinton Street at any time during the year 1912 engaged in the gum business was something around twenty or twenty-five. In 1912 I would say we had employes that would aggregate about twenty or twenty-five people all the time. We were operating wrapping machines during 1912. The Zulu Manufacturing Company and L. P. Larson Jr. Company were the names of the concerns on the premises at 29 South Clinton Street during 1912. I don't know whether the two names were there or L. P. Larson Jr.'s name or Zulu Manufac-

turing Company's name. As to which of the three concerns, myself personally, the L. P. Larson Jr. Company or the Zulu Manufacturing Company first occupied any part of the premises at 29 South Clinton Street, I believe the Zulu Manufacturing Company was the first. That was along in 1909 or 1910 I would say, it might have been
2024 1908. I think the lessee of 29 South Clinton Street was the Zulu Manufacturing Company in the year 1912. The Zulu Manufacturing Company was manufacturing vending machines in one room and when L. P. Larson Jr. Company or L. P. Larson Jr. enlarged the business for the chewing gum we took on an extra room at 29 South Clinton Street. Inasmuch as that was for the chewing gum business only, it seems to me that the lessee of the extra room was L. P. Larson Jr. Company or L. P. Larson Jr. There was a printing concern in that room or some novelty proposition and I individually took the
(2680) lease over. During the year 1911 the name of the
2025 Zulu Manufacturing Company was not the only name appearing on the premises at 29 South Clinton Street which were occupied by either me individually or by the L. P. Larson Jr. Company, or by the Zulu Manufacturing Company. I remember now we had two entrances when we took on the other room. One we had marked Zulu Manufacturing Company. That was the first entrance which was 29 South Clinton Street, and then we had another entrance at 23 South Clinton Street, on which door we put the name of L. P. Larson Jr. Company. That was in 1911. In 1912 the name L. P. Larson Jr. Company was on the door at 29 South Clinton Street. I
2026 don't know whether it was on the door leading from the street into the building, but I remember that customers calling on business for the L. P. Larson Jr. Company could not find them and the name was either put on the door or some information in the hall as to the location of L. P. Larson Jr. Company. I know that the name L. P. Larson Jr. Company appeared during the year 1911 from July 28th and also during the year 1912 either on the door leading from the street to 23 South Clinton Street or on the door leading to the premises occupied by the Zulu Manufacturing Company or in some hallway. I am positive the name L. P. Larson Jr. Company appeared on the entrance to the new quarters that we took over. Those quarters were on the third floor. I am not

positive about it, but I believe we took those quarters over in 1911. I don't remember whether it is a fact that whatever premises were occupied by either me personally for my private business, or by the L. P. Larson Jr. Com-
2027 pany or by the Zulu Manufacturing Company at any time during the year 1911 were premises that had been leased by the Zulu Manufacturing Company. The L. P. Larson Jr. Company's name was some place at all times for the information of the public in the building, begin-
2028 ning July 28, 1911. I don't know who painted the name L. P. Larson Jr. Company on any part of those premises, and I have no means of tracing it. At all times the business that was carried on by me and by the Zulu
(2681) Manufacturing Company and by the Larson Com-
2028 pany when both of those companies were in existence was carried on in the same quarters. No other money was put into the business but out of my own pocket.

29 South Clinton Street and 23 South Clark Street are in the same building. Whenever I have talked of 29 South Clinton Street or 23 South Clinton Street, I have always been referring to the same building.

2029 I don't remember of any other insurance that was carried at any time during the year 1911 on any of the contents at 29 South Clinton Street, except the contents of the building and insurance that we carried on a wrapping machine. By we, I am referring to L. P. Larson Jr. Company or L. P. Larson Jr. Eliminating the wrapping machine, I don't believe there was any insurance on any of the contents at 29 South Clinton Street by anybody excepting the Zulu Manufacturing Company. My best recollection is the same thing is true as to the year 1912. All the insurance money paid out during the years
2030 1911 and 1912 for any of the contents at 29 South Clinton Street or any of the machinery or material or property used in the gum business were paid by me personally out of my own personal, individual funds. I don't believe I could find any documents, insurance policies, books, records or writings that will show in whose name the insurance was carried and whose moneys paid the insurance premiums, because we are in the habit of destroying insurance policies or returning them when we have the renewals. When we paid out money I would keep a record of it. I don't know just what record I would keep of that, if I would charge it to expense or if I

would charge it to insurance. If the books of the Zulu Manufacturing Company were in existence, I think those entries would appear somewhere on some of those books.
2031 The machine that I was referring to in connection with my answer as to insurance was that Berger machine. I have not been able to find out the date the balance was
(2682) paid for that Berger machine, but I will do every-
2031 thing possible to produce it.

The explanation of the F. B. Redington account on folio 100 of Larson Exhibit 110 is this, that is without looking up the record and speaking from a memory which I am satisfied is correct: That the machine in 1912 was bought by the Zulu Manufacturing Company from the F. B. Redington Company and when the machine record was put on our books that the bookkeeper credited the machine to Fixtures and Machinery. The Zulu Manufacturing Company purchased that machine in December 1912. Now, the bookkeeper crediting fixtures and machinery for this machine of $2500 and being that the L. P. Larson Jr. Company took over all the assets of L. P. Larson Jr. and the Zulu Manufacturing Company the first of the year 1913, that entry of crediting this wrapping machine to Fixtures and Machinery was not correct for the reason that the machine had not been paid for and the money being paid out by L. P. Larson Jr., we made an entry on July 23, 1913, charging the Zulu Manufacturing Company for this machine and giv-
2033 ing F. B. Redington credit for the machine, charging F. B. Redington Company for the $1500 and $250 that had already been paid them and crediting L. P. Larson Jr. for $1500. This being in 1913 is my best recollection of the account. And after the machine was fully paid for it was then charged to Fixtures and Machinery, but the reason of charging the Zulu Manufacturing Company for the machine was that we didn't want the credit to go into our fixtures and machinery account before the machine was paid for.

In the testimony I have just given, interpreting entries on page 100, now Exhibit 110, are based both on the interpretation I would give to the entries as a bookkeeper and upon the best of my recollection, in combination. When a machine has been bought and put into the Fixtures and Machinery Account, it is charged to them ac-
2034 count. If it had been put into that account before it

was paid for, and I wanted to take it out of that account, I would credit it to that account.

(2683) My explanation of page 100 in the journal, which
2034 page is Exhibit 110, is this: About January 1, 1913 there was turned over to the L. P. Larson Jr. Company my individual property and the Zulu Manufacturing Company's property, and the fixtures and machinery account of L. P. Larson Jr. Company was at that time made to appear as though this Redington machine was at that time turned over to and become the property of the L. P. Larson Jr. Company, when as a matter of fact it had been bought by the Zulu Manufacturing Company and not yet paid for. That machine cost $2500 and only
2035 $250 had been paid on account of that purchase by January, 1913. June 19, 1913 Fixtures and Machinery Account was charged with one Redington machine, folio 79, for $2500. That appears in Exhibit 102. That charge has no reference to the same transaction I have been explaining, but to a different transaction. I know that only $250 had been paid on account of the Redington machine prior to the date it was delivered to the L. P. Larson Jr. Company's factory in the early part of 1913.
2036 I don't know whether I testified that only $250 had been paid on account of that Redington machine prior to January, 1913. I will say that $250 was paid when the purchase of the machine was made. That $250 was my own personal money. I have no book and no record showing any entry for that, unless I have a check. I don't know what records I would have. I was looking that up this morning to see if I had cancelled checks, and I have
2037 checks back as far as 1915. I have found no cancelled checks earlier than that date. The same thing applies to my check stub books. I believe I can find a receipt showing the payment of that $250.

In Exhibit 110 there is an entry of $1500 with respect to L. P. Larson Jr. It means that L. P. Larson Jr. must have got a credit for that sum. As to why I personally got a credit of $1500 on July 23, 1913, I suppose because I paid the money out of my own pocket. I did not just testify that I only paid $250 before this entry on Exhibit 110 had been made. I would say $1750 had been paid on
(2684) account of that Redington machine up to July 23,
2037 1913, as the books show. The total purchase price of
2038 that Redington machine was $2500. I don't know how

many payments were made on that account up to July 23, 1913, but I would say they aggregated $1750. $1500 was my own personal, private money. It looks to me as if I should have gotten a credit for $1750. On Larson Exhibit 103, June 19, 1913, folio 79, I got credit for $1500. That is not the same $1500 referred to on Exhibit 110 on page 100, but is a credit for $1500 that L. P. Larson Jr. got for the Redington machine. I have before me
2039 folio 79 which I have been asked to turn to. It is double page or double sheet No. 79 in Larson Exhibit 73. With reference to this $1500 item, folio 79 reads "June, 1913 F. B. Redington R charge of $1500 L. P. Larson Jr. L credit of $1500". The "R" after the words "F. B. Redington" which I have just read means being posted to the Redington account. The "L" after the name "L. P. Larson Jr." which I have just read shows it was posted to L. P. Larson Jr.

(Said double page 79 was offered in evidence by Mr. Mayer. It was received in evidence and marked Larson Exhibit 111.)

2040-1 (Larson Exhibit 111.)

2042 (May 23, 1919, 2 o'clock P. M.)

The first entry on folio 79, now Exhibit 111, sheet 1 and sheet 2, shows a $1500 credit to F. B. Redington and a credit to me of $1500. As to where F. B. Redington was charged with $1500 on June 19, 1913, I will say, to
2043 the best of my recollection it was that L. P. Larson Jr. personally had paid to the F. B. Redington Company $1500 on the payment of a wrapping machine, and when the wrapping machine was entered on the books of the L. P. Larson Jr. Company, L. P. Larson Jr. was entitled to a credit of $1400 for making a payment of $1500 on the wrapping machine. I have not the record from which that $1500 charge to F. B. Redington was posted, as that record has not been requested up to this time. I will make a memorandum to produce it at the next ses-
(2685) sion. I have here the record to which the $1500 credit
2043 to myself was posted. That's one of the ten sheets that are now in this record. It is Exhibit 103. It shows that a credit was given me personally of $1500 on June 19, 1913. Larson Exhibit 103, as written originally in ink, showed the date to have been 1912. Somebody has changed that date by writing in pencil the figure "3"

over the "2" so it now appears as 1913 instead of 1912.
2044 I don't know who write that figure "3" in pencil over the figure "2". The pencil figure is not in my handwriting. I don't know who the bookkeeper was at the time Exhibit 103 was made. Entries on Exhibit 103 are in the bookkeeper's handwriting.

Referring to folio 100 in Larson Exhibit 73, that folio being Exhibit 110, I testified this morning that the entries indicate that the F. B. Redington Company had been paid $1750 prior to July 23, 1913 and that that $1750 was my personal money. One of the entries on that Exhibit 110 is a credit of $250 to F. B. Redington Company and another shows that check No. 4657 for $250 was returned. I don't know what those two entries signify exactly, other than a check for $250 could have been made out to me where I took a credit and returned the check. I cannot be positive without looking up what the record was on that. It is not exactly accurate to say
2045 that if the explanation that I have just made is correct, there would be a $250 debit on Exhibit 103, which purports to be the loose leaf ledger sheet showing the account with L. P. Larson Jr. I don't know whose check was No. 4657 which was returned without looking it up. It doesn't mean that a check for $250 was dishonored or was not paid by the bank. That item of $250 indicating check No. 4657 returned was posted to F. B. Redington & Company. I have already said that F. B. Redington &
2046 Company was given credit for $250. We charged Redington for $250 in that entry. That entry means a charge for $250 against Redington and that $250 was charged against Redington because of check 4657. It says on the sheet check 4657 was returned. I don't know who made
(2686) out the check or by whom it was returned, or to whom
2046 it was returned, but I can explain that fact. This machine was bought by the Zulu Manufacturing Company and myself personally and when the increase of the capitalization of the L. P. Larson Jr. Company took place that machine in June sometime of 1913 was posted into the L. P. Larson Jr. Company's assets by the bookkeeper. That is not the same thing I told before. Let me explain. The Zulu Manufacturing Company still owed the Redington people for the machine and it could not then belong wholly to the L. P. Larson Jr. Company on account of the Zulu Manufacturing Company owing for

the machine, and when the increase of the capitalization of the L. P. Larson Jr. Company took place in January
2047 1913, then we reduced the capitalization of the Zulu Manufacturing Company to $5,000 and F. B. Redington Company, having sold the machine on monthly payments to the Zulu Manufacturing Company, wanted to know who was going to pay for this machine inasmuch as the assets of the Zulu had all been turned over to the L. P. Larson Jr. Company and they wanted some guarantee or something or other—guarantee I said, they didn't care about a guarantee as long as they were going to get their money and they knew they would get their money, but, in order for me to have it correct so I would not misrepresent to my father who was backing me, and when he would look at my reports he could not say I had put something on the records there that did not show up exactly as it should be, so we therefor charged the Zulu Manufacturing Company for the money that had not been paid to the F. B. Redington Company, what they owed, and credited the F. B. Redington Company on the L. P. Larson Jr. Company's books, and as that time went on L. P. Larson Jr. personally saw that the machine was fully paid for and that machine was entered on the Fixtures and Machinery Account of the L. P. Larson Jr.
2048 Company. Now, that's the whole transaction. The mix-up was that we tok our assets, and so forth, of the Zulu Manufacturing Company where the Redington Company understood that the Zulu Manufacturing Company
(2687) was responsible for the machine, and when we took
2048 those assets they heard about it I suppose through Dun and Bradstreet and they asked me how they stood in regard to this machine and I said, "Why, that machine still belongs to the Zulu Manufacturing Company as the notes they had given you by me personally. It was either signed "L. P. Larson Jr." and then "Zulu Manufacturing Company by L. P. Larson Jr., President", or "Zulu Manufacturing Company by L. P. Larson Jr." At any rate the Zulu Manufacturing Company was on the note. I used the Zulu Manufacturing Company because the Zulu Manufacturing Company had a rating and I myself
2049 had a personal rating. I can't say I had a rating personally with either Dun or Bradstreet. What I mean was that continually along that time that I was known to Dun and Bradstreet and any one that wanted a re-

port on L. P. Larson Jr. they would give it to him. Now, the F. B. Redington Company didn't know where they stood. They learned that the assets of the Zulu Manufacturing Company had been turned over to the L. P. Larson Jr. Company and they wanted to know just the state of affairs and I looked it up on our records to see how it stood on our books, and to have it straight on my books this change was made.

The Zulu Manufacturing Company was not using the Redington machine up to July, 1913 or up to June, 1913, as the Zulu Manufacturing Company went out of busi-
2050 ness January 1, 1913. It is not exactly a fact that the Redington machine was turned over at the time the Zulu Manufacturing Company property was taken over in January, 1913, because I don't think the machine was delivered before the spring of 1913, but it was purchased when the Zulu Manufacturing Company was a going concern of $100,000 in the fall of 1912 or winter, see, say December. Now, there is the condition exactly, the Zulu Manufacturing Company decreasing its capitalization is what made these changes necessary and the Zulu Manufacturing Company never run that machine or the Zulu Manufacturing Company was never paid anything for the use of that machine because the Zulu Manufacturing Company then only consisted of a $5,000 corporation and
(2688) I had instructed my attorneys to reduce that capitali-
2050 zation and I, holding all that stock like I always held all the stock of the L. P. Larson Jr. Company, the Zulu Manufacturing Company and everything, the only stockholders were where a man would make me a note like a gum maker or probably would give me his note in full, he never paid one iota of money for his stock.

2051 I mean at that entire time such persons were stockholders and would hold stock. At all times I was 99% the sole stockholder of the Zulu Manufacturing Company. I am going to get the records that will show this exact transaction of the Redington Company and the returned check and those entries that we were talking about. It is correct to say that the Redington Company was to be paid monthly for this Redington machine.

(2689) I believe those entries in Exhibit 110 were made
2052 under my direction. I suppose I gave those instructions to the bookkeeper. The handwriting on Exhibit 110 is the bookkeeper's. I don't know his name. It may

have been a woman at that time. Whoever it was, that was the person I instructed to make those entries that inquiry is being made about. I made monthly reports of monthly profits and advertising expenditures and any-
2053 thing pertaining to the business to my father, as he was the only one that I was responsible for. I can't tell when I first began to make reports to my father of the type that I have described. I say reports. In fact, I would write him a letter and tell him what we had done and what our sales were and what the expenses had been and our profits must be so and so. I wrote him the first of every month, making him a report of how we were progressing. The object of these reports was I was being attacked so by the Wrigley Company and all the jobbers he knew out in Nebraska, he had their sympathy,
2054 and the old gentleman was very much vexed over the matter that I should be attacked this way and he tried to discourage me and said that Mr. Wrigley was a man of large means and that I should get this matter settled in some way, but I would write him time and time again, saying "I am right in the matter."

(2690) (Mr. Mayer moved to strike out this last testimony concerning what the object of the report was, but the motion to strike out was overruled.)

My position is that the Wrigley Company started to attack me just as soon as I went into the gum business
2055 in 1911. My father came back from Europe in the fall of 1911 after a six month's stay. I did not testify that when I first went into the gum business my father backed me. I had money of my own. I sold my home out in Nebraska. As soon as my father came back from Europe in the fall of 1911, I wrote him the first of every month. I can't speak as to any period, Mr. Mayer. I know during the period of 1911 there I was working night and day with two or there hours sleep only, and I was not writing many letter those days.

2056 My father went to Europe every summer, where he stayed six months. He was in Europe when the war
2057 broke out. He was in Europe for six months in 1916, for six months in 1915. He was there every year. He spent his time in Europe and Sweden and England. I didn't send him monthly reports while he was in Europe the same as while he was here. I didn't send any re-

ports, other than the letters. I wrote him and told him about the business and how we were progressing and like that. The reason I didn't send him monthly reports while he was in Europe precisely the same as though he was in this country was for the reason any questions I might ask him I could not get any response for thirty days.

(2691) I suppose that I went ahead up to January 1, 1913,
2058 writing his letters and telling him about conditions and what we were doing and making a report, but after January 1, 1913, we sent him reports in more of a proper form. My father is a man of business experience and of detail. One reason I thought it important to have this change made on my books as exhibited in Exhibit 110 so that my father would not be deceived as to that item. There would have been a deception if the book had not been changed due to the fact that we owed the Redington Company money on that machine as the Zulu Manufacturing Company and the L. P. Larson Jr. Company didn't owe it to them and I wanted to have it on the books, showing just exactly how the entry stood with the Redington Company. The Redington Company had been paid what was due them according to the contract, as far as I remember. It didn't make a great deal of difference to my father who was my backer whether this Redington machine was in the possession of the Zulu Manufacturing Company in July, 1913, or in the possession of the L. P.
2059 Larson, Jr. Company. I owned all the stock and I was it. The entry was not correct, however. I have before me all the advertisements I have been able to procure or find. They are nine in number. Three of them are newspaper advertisements. The earliest of those three newspaper advertisements is what purports be a portion of a newspaper called "The Bee", Omaha, Wednesday, October 4, 1911. It has been produced before.

(2692) Mr. Felton of the Felton Advertising Company had
2060 charge of that particular advertisement. The Felton Advertising Company selected The Bee as the paper in which to insert that advertisement. The Felton Advertising Company prepared the text and the picture. Mr. Felton was the person representing the Felton Advertising Company with whom I had those dealings. I don't remember his full name. He is living in New York City.

I met him about two months ago at the Biltmore in New York. Arrangement with the Felton Advertising Company was made by me personally. There was a writing in
2061 connection with those arrangements. I can't say that I can produce that writing. It is away back in the 1911 files, but Mr. Felton no doubt has everything. The Felton Advertising Company is out of business. After they gave up our account, they took hold of a hair tonic account, which I understood from Mr. Felton was backed by the Felton Advertising Company to the extent of $65,000. The hair tonic company went broke and didn't pay him and it put the Felton Advertising Company under. The Felton Advertising Company went under about two years after I made my arrangements with them.

The Felton Advertising Company made arrangements in its own name for all of the advertising which it did on
2062 our behalf. These advertisements produced here are not all that the Felton Advertising Company did. These are the only papers I have been able to find.

(2693) The Felton Advertising Company prepared our advertising matter, selected the newspapers in which to insert it, arranged with those newspapers for the payment by itself to them of the expense and then the Felton Advertising Company looked to me for reimbursement. I don't know how much I paid the Felton Advertising Company for all of the advertisements which it looked after at any time during the year 1911. I don't remember if the Felton Advertising Company was also looking after our advertising during the year 1912. After we quit with the Felton Advertising Company, I believe Mr. Campion was the next person with whom we had arrangements as to ad-
2063 vertising. He had to do with our bill posting. The arrangement with him was in 1912 or 1913. I can't say which. That was not on Campion's account, but on account of George Enos Throop Company. Under that arrangement, the George Enos Throop Company prepared the advertisements, paid the expenses in connection therewith, and then we reimbursed it. I don't recall how long I was having dealings with the Felton Advertising Company. The best I can remember is when the injunction was put against me it ended our idea of building a big business. I won't say that I did no more business with or through the Felton Advertising Company after Judge Carpenter's injunction in this case.

The Felton Advertising Company then took over the Wavenlock account, and whatever advertising we had
(2694) there for a period after that, I don't remember how long, I know we had transactions with the Felton people. We started in sometime in 1911 with the Felton Advertising Company with respect to our advertising. Then the injunction came and we quit. I don't remember if after-
2064 wards we made any other or further arrangement with the Felton Advertising Company. All of our dealings with the Felton Advertising Company did not end at the time of the injunction by Judge Carpenter. I know that Mr. Felton was interested in my business. It may have been that we gave him some of the advertising that we were doing from time to time. I do remember of one instance, we put in an advertising campaign in Detroit that Mr. Felton took charge of and that must have been after 1911 because we were not able to resume business after the injunction before early 1912. I mean the injunction made it necessary for us to change our Peptomint label. It took us some time to make the change. As soon as we made those changes, we went on with our Peptomint business, but under difficulties. The difficulty
2065 was that the Wm. Wrigley Jr. Company had an injunction against Peptomint and the jobbers could not distinguish the difference between our first package and our second package that the injunction was against presumably and the jobbers would not handle Peptomint because there was an injunction against it.
(2695) I understood that the jobbers were told that we had no right to handle gum under the brand "Peptomint". We didn't attempt through the newspapers to put in any advertisement of Peptomint at or about that time so as to correct any such impression on the part of the jobbers if they had it. Come to think of it, we came out in the Omaha papers or wherever we were attacked and tried to get the public to understand that Peptomint was not an infringing package. I have not any copies of those advertisements.

I have not prepared as yet a list of our advertisements and where they were issued and the subject matter of them as heretofore requested, but I have done the best I
2066 could. I don't mean to say I am not working at it or did not intend to prepare such a statement. I am going to bring here anything I possibly can get my hands on. I

have produced all our advertising that I could possibly find up to the present time, making a list of the cities
2067 where we did that advertising. I am not making any list because I produced it here.

(Mr. Aldrich said that that was all the witness had found up to that time.)

I am still making an investigation for the purpose of producing all the information pertaining to everything
2068 which I have been requested to produce. I hope to produce additional information as to the advertising and also as to the sales and the places where first sold and so forth
(2696) by Monday morning.

The other two newspaper advertisements that I have produced here are the Sunday World Herald, Omaha, October 15, 1911, and also the Evening Tribune of some city, not shown on the part of the newspaper, pages 5 and 6, dated October 24, 1911. I do not know in what city the Evening Tribune was published. From some of the reading matter it would indicate to me that it was a Fremont paper. There was such a paper published in Fremont, Nebraska, on October 24, 1911.

(Mr. Mayer then offered in evidence the advertisement
2069 appearing in the Omaha Bee of October 4, 1911, which was received in evidence and marked Larson Exhibit 112.)
2070 (Larson Exhibit #112).
2071 (Mr. Mayer then offered in evidence the advertisement appearing in the Sunday World Herald, Omaha, October 15, 1911. It was rereived in evidence and marked Larson Exhibit 113).
2072 (Larson Exhibit #113). Said Exhibits 112 and 113, advertise only L. P. Larson Jr. Co.'s Peptomint gum.
2073 The Peptomint advertisement appearing as a part of the Evening Tribune of Fremont, Nebraska, of October
(2697) 24, 1911, is just exactly like the Peptomint advertisement on Exhibit 112, except that it is only one-quarter the size and omits the following on the lower left hand part of the Exhibit 112: "Note to Dealers. Order Peptomint, the finest chewing gum made, of your jobber or direct from the manufacturer."

(The advertisement appearing in the Evening Tribune of Fremont, Nebraska, October 24, 1911, was marked for identification Larson Exhibit 114).

I have been unable to find any other newspaper advertisements of Peptomint gum. I do not know how much

2074 those newspaper advertisements cost. The entire list of all the Felton Advertising Company advertising has not been made and produced here before the master.

(Mr. Mayer then asked the witness whether he could give an approximate estimate of what all those newspaper advertisements cost, to which Mr. Aldrich objected, and the master sustained the objection).

The Felton Advertising Company was reimbursed for all moneys that it paid out for advertising for me. Whenever the money was due I paid them. I have books of records here that show the dates and the amounts of any of those payments.

(2698) Exhibit 96 shows a good many amounts that we paid
2075 the Felton Advertising Company. Those amounts were paid in December 1912. I have no record of what money I spent in 1911 in connection with the newspaper advertising that has been offered in evidence just now. I don't know whether I have such a record anywhere, but I hope to produce them through Mr. Felton. Neither I nor the Zulu Manufacturing Company nor the L. P. Larson Jr. Company have any records showing any payments to the Felton Advertising Company for 1911 advertising. The same thing is not true as to 1912, because we have records of paying the Felton Advertising Company in that year. Exhibit 96 is a record showing the earliest payment to the
2076 Felton Advertising Company. I don't know whether I have a ledger account with that company, for this reason, that that advertisement of Peptomint in 1912 as I recall it was under my own personal supervision, that is, that was before the L. P. Larson Jr. Company took over the assets of the Zulu Manufacturing Company December 1912. And that is when this advertising appeared throughout the United States. I am referring to the newspaper campaign of Peptomint chewing gum in December 1912. I don't think there was an advertising account with the Felton Manufacturing Company that we
2077 have any record of. We have a record since the increase of the capitalization of the L. P. Larson Jr. Company
(2699) January 1, 1913, in which this advertising appeared. That is our advertising of our newspaper campaign throughout Detroit, Omaha, Lincoln, Fremont. That was in 1912.

I don't know without looking it up if we did or did not have any account on our ledger with the Felton Advertis-

ing Company prior to January 1, 1913. I am sure that any payment made by either me personally on my own personal behalf or by the L. P. Larson Jr. Company or by the Zulu Manufacturing Company to the Felton Advertising Company does not show in the L. P. Larson Jr. Company records, which records are the only ones I have.

2078 It is correct to say that I have no records here now before the master which would show any payment by either L. P. Larson Jr. or by the L. P. Larson Jr. Company or by the Zulu Manufacturing Company to the Felton Advertising Company at any time. I will produce all records and account books or receipts or documents in any way pertaining to any payments that were made to the Felton Advertising Company any time after July 28, 1911, by either myself personally on behalf of my individual

2079 business or by the Zulu Manufacturing Company or by the L. P. Larson Jr. Company.

Of the remaining six of the nine advertisements which I have produced here, the one I now have before me is an advertisement of Peptomint. That was advertised for the first time about 1914 or 1915. As a matter of fact, it is an advertisement of Peptomint mints and also Peptomint gum.

2080 In using the expression "Peptomint" throughout this

(2700) record I have been referring exclusively to Peptomint gum. I have not included any sales or business gum in Peptomint mints in any of the reports that have been produced here and offered in evidence. That advertisement of Peptomint mints and gum was displayed by us hiring men and women to go about the different towns in the United States pasting them on doors and windows. It is a sort of a decalcomania. We found those men and women throughout the country through newspaper ads and different jobbers that were interested in pushing the Peptomint products or our chewing gum.

2081 (The advertisement concerning which the witness had just been testifying was offered in evidence by Mr. Mayer, and received in evidence and marked Larson Exhibit 115).

2082 (Larson Exhibit #115).

(2701) Mr. Mayer then stated to the witness that he would

2083 like to have the statement that the witness was going to file as to advertising, to show the history of the use of these decalcomanias and of the advertisements that the witness was just referring to showing when they were

made and where, the nature of the advertisements, and also the cost and quantity and dates and amounts of payments for the advertisements; at the same time stating that he didn't ask the witness to tell the place; that the witness could tell where he appointed men to do this work and the dates, who paid for it and how many of these decalcomanias were made, and when they were made and the quantity.

The Master then asked the witness whether he could get the information called for in the question. The witness answered that he would do the best he could.

The witness then continued: I could get some of that information. As to how I paid for that advertisement I will say I discontinued bills on that.

2084 That is the L. P. Larson Jr. Co. did. They bought that. We have books that will show what we paid out on account of this particular advertisement; that was in 1914 or 1915, and that ought to be easily found.

The following then occurred:—

The Master: It sems to me that if Mr. Larson gives you the information as to the place, the states for instance in which that advertisement was used.

Mr. Mayer: And the cities.

The Master: And what was paid for it.

Mr. Mayer: The time.

The Master: And to a reasonable extent if he cannot (2702) get it accurately of the number of the prints that were actually displayed; that ought to be sufficient.

The witness continued:

2085 I don't find anything upon the sheets (Exh. 106 and Exh. 78) that will enable me to give you information about the advertisement (Exh. 115) since at least January 1, 1913. L. P. Larson Jr. Co. has kept an advertising account on its books. I do not know as to whether all items of newspaper and other similar advertisements like that of Exh. 115 went into that account. It went into some account. It could have gone into the merchandise account where we kept ten cases of gum. Anyway, it is on our books. So far as appears on Exhibit 104, headed Mer-
2086 chandise Account for 1913 and 1914. I can't find any entry on that which would throw any light upon the expense of advertising Exhibit 115. As to whether I can point out any entry on that Merchandise Account that has any bearing on Exhibit 115, I will say there are large

entries on Exhibit 104 and I can't just exactly tell what they are without looking up the original entry.

One of the remaining five of the nine advertisements which I brought here is a booklet. I don't know whether I have any more of these booklets. I believe it was first published in the spring of 1913.

As to the statement appearing on the booklet that we were over at LaSalle and Illinois Street at the time we published it, I will say this particular booklet has the building at the corner of LaSalle and Illinois Street, but we had this booklet out on Sheldon, because we were giving a suit of clothes to the jobber's salesman that sold this for us.

(2703) (Mr. Mayer then asked the witness to prepare a
2087 statement showing the history of the booklet, as to when they were first published, how much was paid for them and the quantity thereof, and with respect to their distribution. Mr. Mayer then offered the booklet in evidence. It was received in evidence marked Larson Exhibit 116).

2089 Another one of these nine advertisements which I brought here purports to be a double postalcard that was first used in 1912; they were dated Chicago, July 1, 1912.

(Mr. Mayer the stated to the witness that he would like to know how many of those postal cards the witness had made, where, when and who paid for them, and where they were sent to.

Mr. Aldrich thereupon instructed the witness to take all of the things down as just mentioned by Mr. Mayer, so as not to leave out any element).

I do not think I have any more of these postal cards.

(Said postal card was offered in evidence by Mr. Mayer. It was received in evidence and marked Larson Exhibit 117).

2090-90½ (Larson Exhibit #117).

2091 (Mr. Mayer offered in evidence the remaining three of said advertisements. They were received in evidence and marked Larson Exhibits 118, 119 and 120).

2092 (Larson Exhibit #118).

2093 Said Larson Exhibit #119 is a circular advertisement of L. P. Larson Jr. Co., 501 N. LaSalle Street, Chicago.

2094 (Larson Exhibit #120).

2095 Larson Exhibit 118 was put out about 1914 or 1915.

It advertises both Peptomint and Wintermint gums and also Peptomint mints. It is a circular.

(2704) The following then occurred:

2095 Mr. Mayer: Q. Please let your report as to advertising cover that circular Exhibit 118; I mean as to who made it and when it was made and what quantity there was of it and what distribution was made.

The Witness: A. Yes sir.

Q. Did you ever employ any of these addressing institutions to address envelopes for you?

A. Yes sir.

Q. Will you please prepare yourself to tell us who they were and when they were employed and what lists of addresses they used?

The witness continued:

Larson Exhibit 119 is a circular that advertises both Peptomint gum and Peptomint mints and Wintermint mints and Wintermint gum. I would say it was first issued about 1914 or 1915.

2096 Larson Exhibit 120 contains a number of styles of spoons of William Rogers & Sons. That was first gotten up when I conceived the idea of putting a coupon in each package of chewing gum. That was in 1912, and the person saving so many coupons and so much money could receive one piece of the silverware.

Mr. Mayer then asked the witness if he would prepare a statement as to how many were prepared and by whom and who paid for them and the extent of their distribution. The witness said he would.

Mr. Mayer then asked the witness if he would have at the next session everything that he had already prepared or produced, plus such additional matters as he

(2705) had not yet produced and was requested to produce.

Mr. Aldrich answered that he could not say he would have it all ready by Monday. Whereupon Mr. Mayer stated that he merely wanted the witness to know that he wanted everything he had.

(2706) Monday, May 26, 1919, 10:30 o'clock A. M.

2097 I have the information which I have heretofore been requested to produce and which I have not yet produced. I have the statement prepared of the Wintermint sales as to the dates when they were first sold in each state for December, 1913 to August 1914, inclusive. I also

found an advertisement of the Wintermint gum and also the George Enos Throop bill for the first month's campaign in Buffalo, New York, and Niagara Falls, New York, and I want to add that the other statement in regard to the Zulu is being prepared. It is a hard thing to produce this statement for the reason that all the books had not been able to be found and the informa-
2098 tion is being collected together. I also will be able to produce, which I hoped to this morning, the George Enos Throop advertising bills which our files are incomplete on. That is all except that I had all the photographs taken of all the Exhibits Saturday and Sunday that were requested before the last adjournment. I may also add in regard to the different advertising cards that we produced at the last session, I was not able to find any more which we expected to be used as Exhibits. I mean the postal cards and the other advertising of the decalcomania and such like. If I get any additional information which I have been asked to produce, I will state it.

2099 I have tried to get the date of the moving from 115 East South Water Street to 29 South Clinton Street, but I have been unable to find it. I have not exhausted all means of ascertaining that date, and I will continue to work at it. I am making every human effort to get all
(2707) the information which I have heretofore been requested to get and which I have not yet produced.

2100 The witness was then asked by Mr. Mayer to produce the statement of Wintermint sales which the witness said he had prepared, and thereupon the witness produced a document labeled "Initials Sales of Wintermint gum by states during the period from December 1913, to August 1914, inclusive." Mr. Meyer offered the document in evidence. It was received in evidence and marked Larson Exhibit 121. Said exhibit shows said sales as follows:

1913	1914								
December	January	February	March	April	May	June	July	Larson Exhibit 121.
Nebr.	Ark.	Ga.	N. Dak.	Tex.	Okla.	N. Mex.	Colo.	
Ill.	Miss.	Ky.	Mich.	La.	Ky.			
	Va.	Mo.	Me.		Wis.			
	Wash	Ind.						
	N. C.	Ia.						
	Tenn.	Mont.						
	Ala.	Minn.						
		S. Dak.						
		Kas.						
		Fla.						

(2708) We had no return of Wintermint gum that we have been able to find on the books specially at this period. We did not take into consideration the returned Wintermint gum in preparing Exhibit 121. There were books and documents and records kept at that time by either L. P. Larson Jr. personally or by the L. P. Larson Jr. Company or by the Zulu Manufacturing Company showing the return of any brand of gum at any time. I can't make any statement as to when that period began and when it ended, because I have not been able to find my 1911 records in which there was a very large amount
2102 of gum returned to us and we had gum like any other gum manufacturing company returned for misuse of chewing gum, there being cases where it would get into some iced car where it would get wet and such like, where it would be returned and fresh goods would be sent out in its place, but we have records of returned gum and those records, as I said, in 1912 are very incomplete
(2709) and we are doing everything to make a complete record as per your request.

I have not been able to find any records showing any gum returned in 1911. I have witnesses that will swear to the amount of gum or to gum being returned in 1911.
2103 There are books and records showing the returns of gum from December 1913 to August, 1914, either of L. P. Larson Jr. as an individual or as to L. P. Larson Jr. Company or the Zulu Manufacturing Company. The information shown in Larson Exhibit 121 will appear on the records and books of account of the L. P. Larson Jr.
2104 Company. I don't know what kind of an account we keep of returned gums. I don't know what kind of a record at that time we kept of returned gum.

Exhibit 121 was taken from the sales record book. That book will not show returned gum. You would not look on the sales record book for returned gums. We would look for that on our cash book and journal I suppose. I have not here the book containing the information that is on Exhibit 121. Records were in fact kept of all gums that were returned continuously since July 28, 1911, but some have disappeared.
2105 Referred to Exhibit 121, the first sales were in Fremont Nebraska.

(The witness was then asked whether there were any other sales in Nebraska in December, 1913, to which Mr.

Aldrich objected on the ground that the witness had
(2710) been asked only to bring here a statement of the initial or first sale. The objection was overruled).

There were no other sales in Nebraska in December 1913, that I know of. The amount sold in Fremont, Nebraska, in December 1913, was one case of 100 boxes. Each box contained 20 packages of five sticks each. I don't know all the places in the State of Illinois in which any Wintermint gum was sold in December 1913.
2106 I don't know just what records I have of the cash sales of December 1913. I know places here in the city when the gum was first made up where I sold it.

(The witness was then asked to name all of the cities or towns or villages in the State of Illinois in which any Wintermint gum was sold in December 1913. Mr. Aldrich objected on the ground it was immaterial and irrelevant. The objection was overruled).

I could not name all the places in the State of Illinois where Wintermint gum was sold in December 1913, without finding my records. The records of sales in the State of Illinois are cash sales records, as selling goods in the City of Chicago is different than selling it in the country. I don't know whether there were any cash sales of Wintermint gum in December 1913, outside of Chicago. I have reason to think there were. I do not know if records have been kept of all cash sales. I don't know of anybody but myself who was the general sales
2107 manager in charge of the business who would have made
(2711) cash sales of Wintermint gum outside of Chicago and in the State of Illinois in December 1913. I don't know if I personally made any cash sales of Wintermint gum in Illinois outside of Chicago in December 1913. My best recollection is that I did make a trip with the new brand of gum, of Wintermint, in that month throughout some of the cities in Illinois or villages, towns, to see what the dealers thought of it, and having gum along, why, I would sell a box or five boxes or whatever the dealer wanted. We do that in order to find out any criticisms on the package.

I have here the cash book and journal for December 1913 of the L. P. Larson Jr. Company, but not our cash sales book. As to the request that I look at the cash book for the month of December 1913 to see whether there is any charge made for any traveling expenses on my part, either in December or any other time, I will say that I made no charges for any traveling expenses to the L. P. Larson Jr. Company that I remember of.

I always paid my expenses until I took Mr. Bodinson into business with me, in 1915. I believe it was. It was very extraordinary if I ever charged the L. P. Larson
2108 Jr. Company whatever I spent for my expenses. I have taken in moneys on cash sales and pocketed them and not reported them to the L. P. Larson Jr. Company or recorded them on its books. In other words, I paid myself. I don't know whether I did that in December 1913 or not.

I made a cash sale of Wintermint gum in December 1913 to Otto Haas, corner of Wells and Eugenie Street, Chicago. He was a customer of ours. I don't know
(2712) whether he is still living. I know I sold him Winter-
2109 mint gum for cash in the month of December 1913, because I personally took the gum up there and displayed it on his show case and asked him to tell me what he thought of it and he said, "Larson, it looks good to me, I will take five boxes", and I sold him five boxes of Wintermint gum. It was right after we got our labels printed. Being very enthusiastic over the package, I took it up there as soon as it was completed and I can't say what day in the month it was. That was immediately upon its completion. I believe that was identically the first package ever sold of Wintermint gum. There were five boxes and I told them personally to Otto Haas. That was a cash sale and I don't think there is any rec-
2110 ord on our books of that sale. I don't know if there is any record of that sale on any books or records that have been preserved. I will examine and see and report to you if there is. (Mr. Aldrich then told the witness to make a memorandum of it.)

2110 "Mr. Mayer: Q. Now, the question I asked you a few minutes ago and which you have not yet answered was, do you say you personally travelled outside of the City of Chicago and sold your Wintermint gum in Illinois outside of Chicago in December 1913?

A. To the best of my knowledge and belief I did, yes sir.

Q. Where?

A. I can't think of the little towns as I have made several trips with a new brand of stuff or anything we would have that's new to find out for myself what the public thought of it and I can't recall.

Q. But you do now have a distinct recollection that in the month of December, 1913, you visited some towns in the State of Illinois outside of Chicago and did then and there sell Wintermint gum for cash?

A. Oh yes, there is no question about it.

2111 Q. There is no question about it?

A. Yes sir.

Q. And you can't tell us the names of a single one of the towns or cities or villages?

A. Well, I have gone to Kankakee.

Q. You are speaking now of December 1913, are you?

A. No.

Q. Please limit yourself to the question, will you?

A. Well, I will have to look up and get what information I can before I can answer that question."

The only records I have showing the first sales of Wintermint gum are the ones I have in my office from

2112 which I got the record produced here. I will produce the record showing the first sales of Wintermint gum. I don't know how much gum was sold in the State of Illinois in December 1913. A very few boxes. Those sales were cash sales. I have made a memorandum to produce the records showing the receipt of the cash.

2113 I don't know in what place and when the first sale of Wintermint gum was made in Arkansas or in Mississippi or in Virginia. Without my records I cannot tell those things or the amount, if any, of those sales. I am able to tell the city in any state where I made our first sale of Wintermint gum without going through the records, but I would rather refer to my records to have it correct.

(Mr. Mayer then stated: "I don't want you to guess at it, so I will ask you to go to your records then and prepare this statement that we have been talking about showing the monthly sales and the other information that has heretofore been called for and especially as indicated at pages 1781 and 1782 of the record.)

As to the request heretofore made for me to produce a copy of the original package of Wintermint gum as it

2114 was first produced and also one of the cartons that was first used for putting out the Wintermint gum I will say I have got the first package, but about the first carton, I have not got them yet. I will produce a sample (2714) of the first package. I have not here a package of the original Wintermint gum. There is some here I believe, but I have none in my grip. I will produce samples of the original.

2115 I believe there were records to show what gums had been returned to either L. P. Larson Jr. personally or the L. P. Larson Jr. Company or the Zulu Manufactur-

ing Company at any time since July 28, 1911. We have not all the records since 1911 of gums returned. I have no records here showing returned gums.

2116 Mr. Mayer then requested the witness to produce at the next hearing all records showing all gum returned since July 28, 1911, either to L. P. Larson, Jr. on account of his own personal private, individual business) to the L. P. Larson, Jr. Company or to the Zulu Manufacturing Company.

Mr. Aldrich said that he would object to that but that the Larson Company would prepare a statement showing all gum returned since July 28, 1911, either to L. P. Larson Jr. on account of his own personal private individual business, or to the L. P. Larson Jr. Company or to the Zulu Manufacturing Company, and that if the Wrigley Company had reason to challenge the accuracy of that statement, the L. P. Larson Jr. Company would verify specific instances. Mr. Aldrich said that the L. P. Larson Jr. Company was not going to bring its books in to be generally overhauled by counsel.

The witness then produced the Redington contract. This contract was offered in evidence by Mr. Mayer. It was received in evidence, marked Larson Exhibit 122).

(2715) Said contract covered the manufacture and sale of
2116 one gum wrapping machine guaranteed to operate properly at a speed of 150 pieces, or thirty packages of 5 sticks each per minute, for $2500.00 net cash, thirty days from receipt of machine, delivery to be made within 120 days, the machine to remain vendor's property and to
2117 be fully insured at vendee's expense. Said contract is in the form of a proposition dated December 20, 1912 from F. B. Redington Co. to Zulu Manufacturing Co., 29 South Clinton Street, Chicago, and the acceptance of said proposition by Zulu Manufacturing Co. by L. P. Larson Jr., President, dated December 20, 1912, and the
2118 approval by F. B. Redington, President, dated December 31, 1912.

2119 I cannot tell the date of the first payment on account of the Redington machine referred to in Exhibit 122. As
(2716) to the request heretofore made to me to ascertain the
2119 date of the first payment on account of the Redington Machine referred to in Exhibit 122 with respect to the $1500 credit appearing in Exhibit 110 and with respect to the $250 returned check appearing on the same exhibit, I have not done it completely. I have not done anything
2120 further than finding the contract. Mr. Inglis gave me the information that appears on Exhibit 121. I asked

Mr. Inglis to prepare that information for the stenographers, and then Mr. Inglis went to our books and records and got the information and made a memorandum of it and gave it to the stenographers and they transcribed it onto what is known as Exhibit 121. The information on Exhibit 94 was gotten up by the Burt Auditing Company, all except December, 1913, which Mr. Inglis completed, otherwise that record was gotten up from my instructions to the stenographers that I told Mr. Straw
2121 to keep till I got to the office that evening. All the records pertaining to that one sheet from December, 1913, on to November, 1914, was done by the Burt Auditing Company, December of 1914. Mr. Inglis collected the report on and made the final completion for that year. I was mistaken in stating it was December, 1914. It was the last month that the Burt Auditing Company didn't have time to complete the record of this audit that Mr. Inglis completed. Otherwise the Burt Auditing Company completed the report in full. The Burt Auditing Company got up all the information on Exhibit 94, beginning with the first, and so on to the last month of the accounting as
2122 per your request which Mr. Inglis got up. Mr. Inglis got part of the last page of Exhibit 94 which refers to the year 1918 from my records. It was the last month, as I remember, of 1918 that Mr. Inglis finished the report on, otherwise the whole report was made up by the Burt Auditing Company, Exhibit 94.

(2717) Exhibit 122 is an original document. It is in the same condition and appearance that it was at the time it was executed on December 20, 1912, the date of the contract. The contract consists of a proposal by the F. B. Redington Company to the Zulu Manufacturing Company, 29 South Clinton Street, and an acceptance of the proposal on the same date by the Zulu Manufacturing Company. The Zulu Manufacturing Company, by L. P. Larson, Jr., president, signed the acceptance. That en-
2123 tire document is my handwriting. The date of that acceptance was left blank as originally typewritten and the blanks filled in so that it now reads the 20th of December, 1912. The last paragraph of the proposal provides that it is subject to the approval of the president of the F. B. Redington Company. The instrument bears his approval under date of December 31, 1912, so that the contract was not closed until December 31, 1912. It calls for the de-

livery of a Redington machine at a price of $2500 net cash, thirty days from the receipt of the machine, and the machine was to be delivered within 120 days from the date of the approval of the order, or earlier if possible.
2124 The machine was not delivered in 1912, but it was delivered in the spring or summer of 1913. That Redington machine referred to in Exhibit 122 is the same Redington machine as is referred to in Exhibit 102 under date of June 19, 1913, which is the loose leaf ledger sheet headed "Fixtures and Machinery" and shows a debit of $2500 for that machine. I have testified Exhibit 102 is not a ledger sheet of the Zulu Manufacturing Company but of the L. P. Larson Jr. Company. The Zulu Manufacturing Company did not continue, after January 1, 1913, to use the L. P. Larson Jr. Company's ledgers or ledger sheets. The reason that the debit item of June 19, 1913, was put on a Fixtures and Machinery ledger account of the L. P. Larson Jr. Company when as a matter of fact it was the Zulu Manufacturing Company's pur-
(2718) chase and the Zulu Manufacturing Company had agreed to pay for the Redington machine was for the reason that L. P. Larson Jr. and Zulu Manufacturing Company and L. P. Larson Jr. Company were practically the same thing; all of the stock was owned by me. That
2125 statement is correct as to June 19, 1913. The stock not owned by me was merely put in people's name who were acting as directors or some person in my employ that I wanted to give a future in the business I would let them have so much stock for their note which never amounted to anything to speak of. On June 19, 1913, some of my employes had stock for which I held a note. R. W. Johnson, the gum maker, was one. He is still living. I think he is still making gum. He lives on the south side. I don't know where. His name is in the telephone book. I believe on June 19, 1913, E. J. Gutgsell,
2126 secretary of the corporation, had some stock. My father had a share, and so did H. S. Vandervoort have some. I have been talking about the L. P. Larson Jr. Company. I believe Gutgsell, on June 19, 1913, owned a thousand dollars' worth. Our stock record book will show. I haven't that book here. I had the Zulu Manufacturing Company book here once but not the L. P. Larson Jr. Company stock book.

I do not think Vandervoort acquired any stock before

1914. I believe Johnson had a thousand dollars' worth of stock in the L. P. Larson Jr. Company on June 19, 1913.

2127 With respect to the way the Redington machine was paid for, I will say my best recollection on it is that this machine was purchased in December, 1912, before the increase of the capitalization of the L. P. Larson Jr. Company, and in further payment for the stock of the corporation it was turned over to the L. P. Larson Jr.

(2719) Company. I believe that I personally paid for the Redington machine and turned that over to the L. P. Larson Jr. Company. The book will show when I turned it over to the L. P. Larson Jr. Company. I have books that will show it. Exhibit 102 will show it. Exhibit 102 shows a charge of Redington machine of $2500 on June 19, 1913. That is the first time it was turned over to L. P.

2128 Larson Jr. Company. It was turned over more than once. That $2500 would appear on the looseleaf ledger sheet of the Zulu Manufacturing Company. I haven't got that here but I will produce it. The best of my recollection is that $250 a month was paid on account of that Redington machine. I have no reason to change my testimony in that regard notwithstanding the contract required payment of the entire amount of $2500 within thirty days from the receipt of the machine. The machine was not paid for in accordance with the terms of the contract. Lack of funds was not the reason for that.

2129 The reason was the machine did not come up to representations. As to why I paid for it all, that was because the Redington people sent their man over and repaired the machine and put it in running order. Notwithstanding the provisions in the contract that the Redington Company had the privilege of demonstrating the capacity of the machine and of instructing our operators and were to furnish an operator free of charge for a period not to exceed one week, and a charge of five dollars to be paid by me for all additional time and a guarantee of the machine contained in the contract itself, I still say I made a partial payment on account of that machine before it was demonstrated to do what the contract says it would do. I don't remember the name of the man that was sent over by the Redington Company to demonstrate that machine or to install it. That machine was paid for finally. I don't remember whether any notes were given.

2130 My personal records would show whether notes were

(2720) given, but I must say I was very loose in my records inasmuch as I was building the business for myself personally and not, as you say, for a corporation that has stockholders in it. If notes were signed, I suppose my personal signature was the one that was looked to, as distinguished from either the L. P. Larson Jr. Company or the Zulu Manufacturing Company. It was not that I considered that my own personal, individual credit was at all times better than that of the Zulu Manufacturing Company or the L. P. Larson Jr. Company, but the personnel of the business is what we traded on more than anything else. Personnel was my own standing, my own personal, individual standing.

I did not owe my father more money than my total assets. My father, after reading the record, told me that I didn't make a true statement at all, that I was
2131 worth twice as much as I claimed I was worth. I read to my father the part of my testimony where I said I was worth $50,000 when I came to Chicago. My father said that he could prove I was worth twice that much money. I was richer than I thought.

That $250 returned check on folio 1, being Exhibit 110, has nothing to do with the check that was given and returned for lack of funds. That check, I don't believe, ever got into Redington's hands, that check being made out like that for $250 must have been the L. P. Larson Jr. Company's check, and they didn't have any business of paying for that machine through their check, so when that entry was discovered, that is the reason of that. I believe we have got the check book that would show that
2132 stub. I will produce it; and I will make a statement that the L. P. Larson Jr. Company and the Zulu Manufacturing Company never had a check returned in all the experience of their business or in all my life I never
(2721) had a check returned for lack of funds. That's true as to myself personally, as to the Zulu Manfacturing Company, and also to the L. P. Larson Jr. Company.

When I wrote a letter I preserved a copy of it on the typewriter through carbon sheets. We didn't have any letter-press books. It was our intention to keep carbon copies of all letters written. So far as I know, it was in fact done. As to whether those carbons have been preserved, I will say, as I have told you before, Mr. Mayer, we have got a lot of records over there, but a lot of this

stuff that the boys thought was no good in moving from place to place has been destroyed.

I have known for many years the litigation was pend-
2133 ing against the L. P. Larson Company and myself asking for an accounting, and that that litigation was not disposed of in the United States Court until the Circuit Court of Appeals decided it, and that the District Court didn't dispose of it until Judge Anderson heard the cases in March, 1917. I also knew that the Wm. Wrigley Jr. Company was, during the entire period, from October, 1911, seeking an accounting from the L. P. Larson Jr. Company and myself individually on the claim that we were unfairly competing with their Spearmint label. I also knew that from June 15, 1915, on the Wm. Wrigley Jr. Company also had pending against the L. P. Larson Jr. Company the bill which is now on hearing, seeking to compel an accounting with respect to the Wintermint gum, and that that was not disposed of until the Court of Appeals decided the case and that Judge Anderson didn't decide it until March, 1917. I have said the records of the Wintermint gum are pretty well intact, but the profits of the accounting where the restraining order of Judge Carpenter gave, as I remember, Judge Carpenter
(2722) gave that restraining order, but there was not to be
2134 an accounting as to the profits on Peptomint gum. I never understood that there was pending against me the Wm. Wrigley Jr. Company bill to compel me to account for my profits arising out of my use of the Peptomint label. Today is the first time that I ever heard any such claim intimated.

I signed and swore to the answer that was filed in suit No. 30,563 in this court, that is, in the United States District Court for the Northern District of Illinois, Eastern Division, on page 22 of that record. I am now looking at page 22 of the printed transcript of record filed in the United States Circuit Court of Appeals on June 9, 1917, in cases No. 2498 and 2500 in that court. I personally signed and swore to the answer filed in the suit that I have just described. I read over the bill of complaint that was filed by the Wm. Wrigley Jr. Company before I signed or swore to that answer. I participated actively.
I did everything in gathering the facts and preparing
2135 for the defense of that suit. I have been participating actively in gathering the facts and preparing the defense

in connection with the litigation of the Wm. Wrigley Jr.
2136 Company against the Wintermint label. I will say I would think it was of special importance that all my books and records and documents showing the business dealings that were being attacked in that litigation pending in the Federal Court should be carefully preserved. I knew that if the Wm. Wrigley Jr. Company should win that litigation it would be necessary for me to report to the court just what business I had done both as to the Peptomint gum and also as to the Wintermint gum and as to the profits made for each of those brands.

I also filed an amended answer in that suit No. 30,563 and swore to it.

I stated this morning that I had only found one sheet (2723) of Wintermint gum. This is a print of the Winter-
2137 mint that we used in a large way and in every way on our letterheads and posters which we advertised Wintermint chewing gum on. This form here is a reduction of the one which we used on the top of our letterheads. It is an advertisement to be used as hangers and cards in windows. It is a form. That's the only one I have. I could not find any of them. I just happened to find this sheet of paper with this print on. I don't know who printed those cards and hangers. They were printed for the first time we will say four or five months after we got
2138 Wintermint on the market, or something like that. I can state how they were distributed by us. I can tell whether money paid out for advertising was paid to a printer or to a bill poster or paid to an engraver. It would be a very difficult thing to look through all the money I paid out for advertising and find out the names of the persons who printed that advertisement. In 1914 I paid moneys for printing to maybe a dozen different lithographic plants that we did business with. Those dozen accounts
2139 will not give me the information. I have paid out moneys for printing or lithographing to Charles G. Buck. I will make a notation to get the names of anybody to whom I paid out moneys for printing or lithographing work for the Wintermint label. I have made a memorandum to have a statement here showing the names of everybody to whom I paid out any sums, either for advertising Wintermint or for printing any Wintermint labels or cartons or cards or hangers or posters or counter bands or wrappers, showing also the dates of each

payment and what the items were for which the payments were made. This particular copy of the advertisement I have been referring to, being a copy of an advertisement placed upon cards and hangers, reads: "Wintermint Pepsin Chewing Gum aids digestion", and it has also
(2724) two logatypes each of which is described as follows: a green bar with the word "Wintermint" in white upon
2140 it, the bar passing through the center of a red diamond so to leave exposed only a segment at the top of the Wintermint bar and at the bottom of the Wintermint bar, the top segment having "L. P. L." in white letters on the red segment and the word "Gum" in white letters appearing on the bottom segment. Around the entire advertisement is a fancy leaf border in red and green. The word "Wintermint" and the words "Chewing Gum" on the face of the card being in green and the word "Pepsin" and the words "aids digestion" being in red, and the entire card having a white gackground.

(Mr. Mayer then offered the said advertisement in evidence. It was received in evidence and marked Larson Exhibit 123.)

2141 (Larson Exhibit #123.)

2142 (Mr. Mayer then stated that what he wanted Mr. Larson to produce with respect to this list of printers was: A list showing the names of every printer or lithographer or box maker or label maker or advertiser to whom he paid out any moneys since July 28, 1911, either in his own name or behalf or in the name or behalf of the L. P. Larson Jr. Co. or the Zulu Manufacturing Company, showing also the nature of every payment and the nature of the items for which the payments were made, including also copies of all such labels or advertisements or
2143 records or hangers or cartons or wrappers or counterbands or printed matter, insofar as Mr. Larson could find them.)

(2725) R. J. Kittredge & Company made some labels for the Zulu Manufacturing Company, for L. P. Larson Jr. and for the L. P. Larson Jr. Company. I have samples here of those labels. The first label that Kittredge printed for either of those three concerns was not the Wintermint label. This document I hand to counsel for the
2144 Wrigley Company is work done and submitted by R. J. Kittredge & Company September 22, 1908, to the Zulu

Manufacturing Company. I found that in some files of the Merchant Vending Machine Company.

The Merchant Vending Machine Company had a Zulu brand of gum on the market here, and that was the name I could not think of, and this letter of Kittredge was in some papers of the Merchant Vending Company's. The Merchant Vending Machine Company is the company I referred to whoes assets I bought out. Mr. Frantz had a large interest in the Merchant Vending Company. This is the first time I have ever mentioned that company. At the time Mr. Frantz had, as I understand it, a $15,000 investment in the Merchant Vending Machine Company, I believe it was a corporation. I don't know whether it was an Illinois corporation. Before I organized the Zulu Manufacturing Company in 1908 I purchased some assets of the Merchant Vending Machine Company, which I
2145 afterwards turned over to the Zulu Manufacturing Com-
2146 pany when I incorporated that company. In 1908 I purchased all the Vending Machine Company's assets. I bought all those assets of the Merchant Vending Machine Company with the consent of Mr. Charles E. Frantz with the understanding that I would organize a corporation of the Zulu Manufacturing Company and he would participate one-third and I two-thirds for all the assets of the Merchant Vending Machine Company which consisted of vending machines and parts of vending machines and one lease on one chewing gum wrapping machine.

(2726) I didn't pay the Merchant Vending Machine Company anything. I don't know just how that arrangement
2147 was made. That was purchased under the consent of Mr. Frantz. I don't remember what I paid for those assets. I cannot give any approximate idea of what I paid. That can be found out from Mr. Frantz. I used some of my personal moneys to acquire those assets. And then I turned them over to the Zulu Manufacturing Company in payment for its stock or part of its stock.

When I have heretofore testified with respect to turning in property to the Zulu Manufacturing Company at the time of its organization I had reference to these properties that I have just been speaking of. I don't know whether the Merchant Vending Machine Company had a place of business at that time. I don't know that I was ever in its place of business. I had an appraisal made of the assets belonging to it, which I bought. That was

made at the time Mr. Frantz had it. I relied on Mr.
2148 Frantz' judgment. I never conducted business at any time under the name of the Merchant Vending Machine Company. It may have been that orders come in to the Merchant Vending Machine Company and such orders were filled, but in due course of time the trade was advised that the Zulu Manufacturing Company would be known from that time on.

The letter I have produced here from R. J. Kittredge & Company, is dated September 22, 1908, and is addressed to the Zulu Manufacturing Company. It reads as follows:

(2727) "We enclose herewith rough black proofs of each of the different flavors of gum labels recently ordered from us. We send these to ascertain whether form and reading matter are correct. We also attach slips showing colors to be used on each item of this order. We have instructed our printing department to proceed with this work as from our observation everything is O. K. We will expect you to advise us at once of corrections or alterations as the plates are all finished now ready for printing.

Yours truly,
R. J. KITTREDGE & CO.
J. A. CAULFIELD."

2149 I was connected with the Zulu Manufacturing Company on September 22, 1908. There are five slips attached to that letter, one yellow, one brown, one red, one green and one blue. Those are the five slips referred to in the letter. Each of those colors is a solid color. None of these slips purport to be a sample of anything ever used by the Zulu Manufacturing Company or by L. P. Larson Jr. individually on his own behalf or by the L. P. Larson Jr. Company. There was also enclosed in that letter some rough black proofs purporting to refer exclusively
(2728) to Zulu gum. I believe the printed matter is the same
2150 on every one, excepting the name of the flavor. One of them was marked Licorice, another Cinnamon, another Spearmint, another Wintergreen, another Peppermint, and another Blood Orange. Outside of the flavor, the reading matter on all of them is as follows: "Purest made Zulu gum. Trade mark Zulu Manufacturing Co., Chicago."

The rough black proofs enclosed in that Kittredge letter are all white on black and no other colors appear thereon. R. J. Kittredge & Company did not make my first Wintermint label. They made up the first proofs of the Wintermint label and it may be that we did get—Charles G. Buck delivered the first labels. R. J. Kittredge & Company may have given us proofs, and being in a rush for them to get them out before Christmas and actively on the market, why, Charles G. Buck printed the first labels we used in wrapping Wintermint gum.

I have tried to find something showing just when that first order was given to him and when it was received
2151 by me, and the quantity and the dates of payment, but this work of getting the Wintermint gum out was for pushing the business and I got it up myself and I don't know what records I have got on it, but I have got large bills from Kittredge & Company for Wintermint labels which I can produce.

Buck's name is Charles G. Buck. I don't know whether he is still living. I understand he went into the service and the people that bought out his place may have some records.

(2729) (Mr. Mayer then asked the witness whether he had
2151 been in communication with any of those people.) The witness said:

"Only from the fact that the Wrigley Company has been after them and threatening them with the sheriff going up there and they have been asking me what they should do and I told them give them what they wanted, it was none of my business, and he said his brother told him he was scared to death. Two men came up there and said they were sheriffs and wanted the records of Charles G. Buck when Larson did business with him, and he said 'You will have to come back when my brother is here', and they then called me up and asked me what they had done and I said they had not done anything that I knew of, that the Wrigley Company was pestering everybody who ever worked for me, and they kept calling me up, and I said 'Give the Wrigley Company anything they want.'"

(Mr. Mayer thereupon moved to strike out the answer on the ground that the question called for categorical answer and not for what the communication was. Mr.

Aldrich objected to striking out the answer but the Master sustained the motion to strike.)

2152 The early part of last week I was in communication with the people that bought out Buck's business. The place of business is on the third floor of the northwest corner of Franklin and Washington Streets. I haven't done business with them since Mr. Buck sold out. I don't know the name of that concern.

2153 The letter which I have just handed counsel for the Wrigley Company in response to their request is George Enos Throop's bill for the first month's campaign in Buffalo and Niagara Falls and contained an enclosure. The letter refers to the enclosure, but the bill itself is not attached thereto. The letter read as follows:

(2730) "Chicago, June 3, 1913.

L. P. Larson Jr. Co.,
321 South Sheldon St.,
Chicago, Ill.

Gentlemen:

I am enclosing herewith my bill for $256 net covering your first month's posting in Buffalo and Niagara Falls. This posting has already expired and reports were made to you at the time the paper went up. Attached to my bill you will find the duplicate bills from the bill posters as vouchers for my charges.

Trusting same will meet with your approval, I am

Yours very truly,

GEORGE ENOS THROOP,
President."

2154 The paper attached to that letter was a billhead, dated Buffalo, New York, April 18, 1913. To George Enos Throop, debtor, from Whitmier & Filbrick Co., 178 Ellicott Street, Buffalo, New York, the bill itself reads:

"To post'g. 200-8 sh. 1600 sh. .14 $224.00
Peptomint gum, Buffalo, first month
3799
4/18—5/18"

There is a stencil mark on the bill reading as follows:

"1st month poster"

and on the back appears a stencil stamp showing that the document was received June 4, 1913, and the name is not

entirely legible, but "L. P." and a part of "Larson" is legible. There would have been space enough for that stencil to have read "L. P. Larson Jr. Co." That in
(2731) plain English means it was a bill to Mr. Throop from Whitmier & Filbrick Company for posting 200 8 sheet
2155 posters at 14c each. That referred to Peptomint gum, but 8 sheet posters means 8 times 14 for each poster. 14c a sheet, I mean. There were 1600 sheets, which would make $224. The marks on the face of that bill reading "#3799" and also "4/18—5/18" may signify that that's the period the first month's posting was done. I don't know what the 3799 refers to. I did not testify this morning that I had the Throop advertising bills here, only this here one bill that George Enos Throop owed at that time. They promised to have them all at my office this morning. By "this here one bill", I mean the one dated April 18, 1913, which has already been read into the record.

2156 May 28, 1919, 10:30 A. M.

In response to the query as to what information I have produced here this morning pursuant to request, which information has not heretofore been produced, I will say that is sales of Peptomint gum in boxes which was sold through the Zulu Manufacturing Company from January 1 to September 23, 1912. The sales books from September 23, 1912, up to January 1, 1913, we were unable to find. All these sales are listed by states as per your request, throughout the year; and also I have the check book, or rather, the stub of the check book which you requested in regard to showing the returned check of $250.00 of F. B. Redington & Company account; and also I have the ledger sheet of the F. B. Redington account. I also have samples of the Wintermint gum. Those samples were used throughout the whole period. We
2157 never changed the package of the Wintermint gum.
(2732) The rest of the statements that I have been requested to produce by counsel for the Wrigley Company as to advertising and as to sales are being prepared as fast as possible. It may be that I can have the information respecting the sales and advertising which I have been asked to produce ready here tomorrow morning.

(Mr. Mayer then offered in evidence the ledger sheet

showing the account of F. B. Redington & Company and it was received in evidence and marked Larson Exhibit 124.)

2158-2159 (Larson Exhibit #124.)

2160 Larson Exhibit 124 is a loose leaf ledger sheet of the L. P. Larson Jr. Company in the handwriting of the bookkeeper whose name I don't know. The first entry on that Exhibit is dated June 19, without any year. I believe the year to have been actually 1913. That Exhibit shows a debit of $250. under date of July 22, 1913. That is posted to folio 100, which is now in the record as Exhibit 110. The book I now produce is a stub of a check book of the Continental & Commercial National Bank. That check book was kept by the L. P. Larson Jr. Company and not with the Zulu Manufacturing Company. I don't know whether that is the first check book that was ever used by the L. P. Larson Jr. Company in
2161 connection with the Continental & Commercial National Bank. The first stub in the book is not the first stub. The first stub in that check book is July 10, 1913.

(Said stub check book was marked for identification Larson Exhibit 125.)

(2733) The date of the last stub in that check book marked Exhibit 125 is October 27, 1913. There are five stubs on a page. The stub that refers to the $250. is No. 4657. The first stub Number in the book is 4500. The number of the last stub is 5499.

(Mr. Larson was then asked by Mr. Mayer what the number was of the first check drawn by the L. P. Larson Jr. Company on the Continental & Commercial National Bank, to which question Mr. Aldrich objected on the ground of immateriality and irrelevancy. The objection was sustained.)

2162 The stub of the check No. 4657 reads as follows: "July 22, 1913. Order of Zulu Mfg. Co. for F. B. Redington. $250" Across the face of that stub appears the following: "Returned 7/24/13". That "returned 7/24/13" must be in the bookkeeper's handwriting. I don't know his name. The handwriting on the body of the stub is the bookkeeper's.

2163 The bank balance that morning was $2,311.84. The aggregate of the checks drawn by the L. P. Larson Jr. Company on the Continental & Commercial National Bank on July 22, 1913, was $399.15. On the evening of

July 22, 1913, our books showed that the balance of the L. P. Larson Jr. Company account with the bank that day was less than $2,000.00, after deducting the checks that were issued that day. But our bank balance was better than $2,311.84 for the reason that there may be from one to two thousand dollars worth of checks that
2164 had not come in yet. That is, checks that the L. P. Larson Jr. Company had drawn against its account, and the receivers thereof had not yet put through the bank.
(2734) But our bank balance of the morning, as I stated before, or of that day at the Continental Bank was $2,311.84. That means we had a balance on the morning of the 22nd of July, 1913, of $2,044.52, and our deposits on July 22nd were $267.32, making our balance of $2,311.84. It does not mean there were no outstanding checks against that account that had not been presented, but during the day of July 22, 1913, we did issue $399.15 of checks. We were in the habit of noting on our deposit book the amounts of deposits as made, and in the
2165 habit of deducting the amounts of checks as drawn. I would draw a check and it might take four days for that check to be presented to the bank; meanwhile there would be a difference between the actual balance as shown on the bank book and the balance as shown on our books.

The balance I have been giving is the balance shown on my books. I have in my hand the $250. check that I have referred to. That is the original check which corresponds with the stub 4657 already described in the record. That check has on its top printed "L. P. Larson Jr. Co." and on the upper lefthand corner a logatype showing the word "Peptomint" in print and a black bar, the bar running at an angle to a red circle, on the upper segment of which appears in white "L. P. L." and on the segment under the bar appears in white the word "Gum," and the balance of the check is as follows:

"No. 4657

$250 Chicago, July 22, 1913.

Pay to the order of Zulu Mfg. Co.....

Two hundred and fifty - - - - - - - Dollars"

and addressed "To the Continental & Commercial Na-
(2735) tional Bank of Chicago, Chicago, Illinois," said
2166 check contains the printed signature "L. P. Larson Jr.

Co." and underneath and over the printed words "Pres.-Treas." there was written "L. P. Larson Jr.", part of the word "Larson" being torn off.

The name L. P. Larson Jr. was signed to the face of that check when it was issued. The signature was written by me. The body of the check is in what I believe to be the handwriting of the bookkeeper. I don't know his name. There is only one endorsement on that check, and that reads as follows: "Zulu Manufacturing Co." in stencil, and underneath that "L. P. Larson, Pres." "L. P. Larson Jr." and the word "Pres." in that endorsement is in my handwriting.

There was no correspondence with F. B. Redington &
2167 Company as I remember. All the transactions were oral, on behalf of either the L. P. Larson Jr. Company or the Zulu Manufacturing Company by L. P. Larson Jr. Mr. Brooks carried on those negotiations on behalf of the Redinton Company. I don't know his full name. He is living in Chicago and is with the F. B. Redington today. I am not still doing business with the Redington Company that I know of. It may be that we bought some parts or something like that for the machine, otherwise we have no business with them. The machine was purchase by the Zulu Manufacturing Company. I don't exactly remember the transaction of $250. when I come to study the whole matter over, other than I could make an
2168 explanation of it which I would like to do. There is not an explanation different from any I have heretofore made. I would like to make an explanation that I have not heretoifore made. When the F. B. Redington Company delivered us the machine it needed quite some ad-
(2736) justment and they guaranteed in their contract they would put the machine in first class running order for us. Owing to the increase of the capitalization of the L. P. Larson Jr. Company in January, 1913, and this purchase of the machine from the Redington Company having been made by the Zulu Manufacturing Company, I took it upon myself to pay for that machine, which I can see by the records that I intended to get that money back at some future time. I had a note of $1500. which was due in about forty-five to sixty days from Edward M. Dean of Grand Rapids, Michigan. This note which was due to the L. P. Larson Jr. Company, I told Mr.
2169 Brooks that I would like to have him discount it for me

and accept it as payment on the machine. He told me he would be glad to do it so he took the note for $1500. and gave the account of the Zulu Manufacturing Company credit for $1500. In the course of time when the note came due Mr. Dean of Grand Rapids wrote to me and told me that he was not in position to take care of the note at that time, but he would pay part of it. Then I didn't want to bother the Redington people any more with it so I took up the note personally and arranged with the Redington people to pay them at the rate of $500. per month, which we did. We paid them $500. September 4th, $500. on September 8th, as the record show, October 13, $500. November 10, $500 and December 31, $500.00, all in the year 1913. The first payment on the Redington machine that was in real money was on September 4, 1913, and that was only $500.00. The last payment was December 31, 1913, of $500.00. The machine was paid for in five installments of $500.00 each, covering a period of four months or more. The contract provides for the payment of $2500.00 for that machine
(2737) net cash upon the receipt of the machine. The rea-
2170 son for making the partial payments of $500.00 each was not because Dean didn't pay the $1500.00 note which I held and had discounted with the Redington Company. When I went over to the F. B. Redington Company in regard to the Dean note, Mr. Dean was willing to pay $250.00 and give a new note for $1250.00, and that's the reason of making that check for $250.00 to the Zulu Manufacturing Company to be turned over to the F. B. Redington Company and the Redington Company taking Dean's note for $250.00 which offset that balance. The machine not working properly—was not satisfactory—the Redinton Company said they would be glad to make this on a monthly payment plan if we accepted the machine without any further expense to them.

As to whether the machine was good enough and serviceable enough if we could pay for it in five installments of $500.00 each, beginning in September, 1913, but not good enough to keep if we had to pay for it all at once, I will say that is only a consideration. We would have taken the machine if we had had to pay the $2500.00 in cash. I don't know whether I had $2500.00 in cash in the bank at that time, but I easily could have gotten it. But I think it is very good business when you carry a

thing like this along personally when I was financing the whole thing myself. I didn't want to be burdened too much.

(Mr. Mayer then asked the witness to produce the ledger sheets showing the accounts with all the banks with which any business was done at any time between
(2738) July 28, 1911, and November 12, 1918, by either the
2171 witness personally or by the Zulu Manufacturing Company or by the L. P. Larson Jr. Company. Mr. Aldrich stated that the witness did not have such books at the hearing and they would not be produced unless the L. P. Larson Jr. Company were ordered to produce them. The master stated that if there was any way where the bank balances could be shown from day to day or month to month or convenient periods, it seemed to him that that was all that was necessary, and thereupon asked the witness whether he had the facts at the hearing).

We have a statement of the Continental & Commercial National Bank on these ten Exhibits that we have
2172 here. I don't know whether they purport to show the monthly balances. I have not anything as to any other banks.

(The master then overruled the objection of Mr. Aldrich to the production of the ledger sheets showing the accounts with the banks, which production Mr. Mayer had theretofore requested).

Exhibit 107 and 108 do not purport to show the monthly balance at the Continental & Commercial National Bank.
2173 They are amounts of deposits made and amounts of checks drawn, and the period covered is from January 2, 1913, to May 10, 1915.

I was in the habit of keeping accounts with the banks that I was doing business with, and keeping them on loose leaf ledgers so that I have loose leaf ledger sheets
(2739) that will show by various bank balances and information of the same general type as that on Exhibits 107 and 108.

(Mr. Mayer then stated that the loose leaf ledger sheets he wanted produced were those covering the period from July 28, 1911, up to and including November 12, 1918, at any and all banks, showing the accounts with either the witness personally and individually during that period or with the Zulu Manufacturing Company or the L. P. Larson Jr. Company. Mr. Aldrich stated that he

objected to producing Mr. Larson's individual accounts, stating that in the early stages before the Zulu went out and the recapitalization of the Larson Company, that they were practically synonomous, but that he did not claim they are now.)

2174-5 I can't answer yes or no whether there was ever a time when I considered the business of the L. P. Larson Company a business separate and apart from myself personally and as not wholly owned by myself individually. I can't answer the question whether there was ever a time when I considered the business of the Zulu Manufacturing Company a business separate and apart from myself individually and that I did not personally own the business. As to the public, the Zulu Manufacturing Company was known as a corporation. So far as myself personally in consideration of the Zulu Manufacturing Company, I was practically the sole owner, and so considered myself.

(2740) As to whether there has ever been a time when I 2176 didn't so consider myself, I will say the Zulu Manufacturing Company is not doing any business today only what good will it created from the handling of Peptomint gum.

I don't know the last date when the Zulu Manufacturing Company sold, shipped or delivered any property of any kind to anybody, but I know to this day orders come in to the Zulu Manufacturing Company, and they are filled under the name of the Zulu Manufacturing Company. I don't know whether the correspondence pertaining to those orders conducted with the persons that send in the order is conducted under the name of the Zulu Manufacturing Company, but if a man sends in for five hundred boxes of chewing gum to the Zulu Manufacturing Company I believe that is billed out as Zulu Manufacturing Company.

As the head of the institution, I don't take care of the details, so I don't know how those bills are made out.

2177 The Zulu Manufacturing Company has not a separate set of officers and does not employ a separate set of employes and carry on a separate business from the L. P. Larson Jr. Company. When an order comes in, the L. P. Larson Jr. Company takes hold of that order, if it happens to be addressed to the Zulu Manufacturing Company and fills it. The employes of the L. P. Larson

Jr. Company do that. The Larson Company simply takes orders that are sent to the Zulu Company and fills them in the name of the Zulu Company. That is what it amounts to.

The Zulu Manufacturing Company has not a bank account today. The bank account was in the Zulu Manufacturing Company's name until a few months after the in-
(2741) crease of the capitalization of the L. P. Larson Jr. Company. Until that time there was no bank account in the name of the L. P. Larson Jr. Company that I know of. The entire business was carried on as the busi-
2178 ness of the L. P. Larson Jr. Company from January 1, 1913. The Zulu Manufacturing Company conducted business after that date. Even to this day, when orders come in to the Zulu Manufacturing Company for Zulu gum, those orders are handled by the L. P. Larson Jr. Company. The name "Zulu Manufacturing Company" does not appear on any of the doors or windows of my place of business. There is no advertising that I know of done in the name of the Zulu Manufacturing Company. I don't know when the last advertisement was published in the name of that company. It ceased to have em-
2179 ployes on December 1, 1912. My best recollection is that the Zulu Manufacturing Company had no employes, paid no salary, no wages to officers or employes, paid out no moneys of any kind to anybody since December 31, 1912. My best recollection is that there were no books of account kept by or on behalf of the Zulu Manufacturing Company since January 1, 1913, only as to the billing out of what orders they got.

2180 The L. P. Larson Jr. Company's employes kept those books, if they were kept. On or before January 1, 1913, the business was conducted by the Zulu Manufacturing Company, under the name of the Zulu Manufacturing Company by me, and also I conducted the L. P. Larson Jr. Company and I conducted my own personal affairs in building a good will that I could establish that I would
2181 receive at some future time a stock payment for in a
(2742) large corporation. I considered that January 1, 1913, was the getting together of all of the interests that L. P. Larson Jr., Zulu Manufacturing Company, and the L. P. Larson Jr. Company had pertaining to and in regard to the chewing gum and making it one proposition, but it was too much trouble to write the jobbers and tell them

that the Zulu Manufacturing Company had gone out of business. The jobbers were notified by a circular letter, but it was too much trouble to continue writing the jobbers all over the country not to order the Zulu gum from the Zulu Manufacturing Company but to order it from the L. P. Larson Jr. Company.

I can't answer yes or no to the question whether after January 1, 1913, all the business was conducted by the
2182 employes and agents of the L. P. Larson Jr. Company. I can't say yes or no to a question of that kind, for the simple reason that I had men working for myself personally, not in reference to the gum business,—in regard to these suits that they have been attacking me on.
2183 (The Master then stated that the question before him was whether Mr. Mayer might go in to Mr. Larson's financial condition up to and through the accounting period, and the master then ruled that Mr. Mayer might go into Mr. Larson's financial condition up to January 1, 1913, but as to the remainder of the period, he ruled against Mr. Mayer.

Mr. Mayer then asked Mr. Larson to produce the records showing accounts with all banks with which either
(2743) Mr. Larson personally or the L. P. Larson Jr. Company or the Zulu Manufacturing Company did any business between July 28, 1911, and January 1, 1913. Mr. Aldrich objected on the ground that counsel for the Wrigley Company had no right to the bank account of the Larson Company from July 28, 1911, or until July 28, 1914. The master ovveruled Mr. Aldrich's objection
2184 on the ground that Mr. Mayer was not asking for the production of the books, and that it is not the master's purpose to turn over the books for general examination, but what Mr. Mayer wanted was specific information. The master then stated that the information with regard to the bank balances could be obtained from Mr. Larson's books or from the books of the bank, and the
2185-7 master then requested the witness to bring in his bank balances.)

2187 May 28, 1919, 2:00 o'clock P. M.

Exhibit 124 shows the entire account with the F. B. Redington Company and either myself individually in my own behalf and the Zulu Manufacturing Company

and the L. P. Larson Jr. Company during the time shown on that exhibit. The time covered by Exhibit 124 is from June 19, 1913, to December 11, 1916. The Exhibit does not show June 19, 1913, but only June 19, but I have heretofore testified that I thought the year should be 1913.

(2744) That account shows that there was but one machine
2188 purchased from the F. B. Redington Company during the period covered by that period. It is a fact that there was but one machine purchased from that company during the time stated by either myself personally for use in my personal business or by the Zulu Manufacturing Company or the L. P. Larson Jr. Company. There was another machine used by the Zulu Manufacturing Company for the wrapping of Zulu gum besides these machines in the period from June 19, 1913, to December 11, 1916, besides the Redington machine and the Berger
2189 machine already referred to. I have a record which I found of the Merchant Vending Machine Company where they had a machine leased for the wrapping of chewing gum, which machine the Zulu Manufacturing Company took over. I have not that document here. I will produce it at the next session.

I mean that between June 19, 1913, and December 11, 1916, the Zulu Manufacturing Company was using a machine for the wrapping of Zulu gum. That machine was used in behalf of the Zulu Manufacturing Company for the wrapping of Zulu gum by the Ripe Fruit Gum Company since the day the Zulu took over the assets, or L. P. Larson Jr., rather, as the Merchant Vending Machine Company had this machine wrap their gum called the Zulu. It was taken over by us in the assets, and the
2190 Zulu Manufacturing Company continued to use that machine from the day back in 1908 that the assets were bought by the Zulu Manufacturing Company. I don't know whether the Zulu Manufacturing Company used that machine for wrapping Zulu gum between the dates
(2745) June 19, 1913 and December 11, 1916, but I know they had a machine on hand during that time. The Zulu Manufacturing Company acquired that machine back in 1908. That machine was not owned by the Zulu Manufacturing Company. It was leased by the year by L. P. Larson, Jr. The wrapping machine company leased it
2191 to L. P. Larson Jr. Company. I don't know the name

of the corporation, but the record I found of the Merchant Vending Machine Company will show it. I will produce the record and the lease which will accurately show that transaction.

L. P. Larson Jr. was the lessee from some wrapping machine company of a wrapping machine which was used to wrap Zulu gum. The Ripe Fruit Gum Company used that wrapping machine to wrap Zulu gum. Afterwards, the Zulu Manufacturing Company used it to wrap gum. The Zulu Manufacturing Company used that wrapping machine only a few months after the Ripe Fruit Gum
2192 Company discontinued using it. I believe that in 1911. The Zulu Manufacturing Company used that wrapping machine at all times when we could not sell Peptomint gum and didn't have wrappers to put it out in. The Zulu Manufacturing Company used it in 1908, 1909, 1910, and part of 1911 and 1912, and then the L. P. Larson Jr. Company wrapped gum on it I believe in 1913. The Zulu Manufacturing Company did not wrap any gum on that machine in 1913, nor use that wrapping machine at any time after January 1, 1913.

I said that the machine was used by the Zulu Manufacturing Company between June 19, 1913, and December 11, 1916, because it was used for the Zulu Manufacturing Company's gum.

(2746) I have not here the corporate records of the Zulu
2193 Manufacturing Company and the stock book of that company. I did not have the stock book here. I had the minute book. I don't believe I testified that I had the stock book of the Zulu Manufacturing Company here at one session. I did not in fact have it here at one session. I have that book, though.

2194- (Mr. Mayer then asked the witness whether he had
2196 present the large package of advertising bills which the witness had brought to the hearing a few days before. A discussion arose during which Mr. Aldrich stated that he had been over to the Larson Company factory the day before, and that he knew they were making up a statement of the advertising.)

2197- The large package of advertising bills which I brought
2198 in here the other day are not here. I have produced statements of them which have been filed here. I am referring to Larson Exhibits 96 and 97. I will have the papers here upon which the tabulation is based.

2199 I have produced here a box of Wintermint gum. L. P. Larson Jr. Company was the first manufacturer of Wintermint gum. The first Wintermint gum was put on the market in December, 1913, and has been on the market ever since. The carton or box that I have produced here is not an exact copy of the box as first used in connection with the Wintermint gum. I have not here a carton or sample of the carton in which Wintermint gum was first marketed. I have not such a carton in my possession or under my control that I know of. I thought I had, but come to look through by box samples, I did not
2200 have one of those boxes. The carton which I have just
(2747) produced is an exact copy of the carton that is now
2200 actually used in connection with the manufacturing of Wintermint gum. I do not know how long this particular kind of carton has been used in its present shape, size, lettering and condition without change. My best recollection
(2748) is it is since the spring of 1914.

2201 I don't know whether the statement that I am preparing showing what orders were given for labels and cartons and wrappers and so forth, and the dates and quantities, will show the exact date. I don't know who was the first person to manufacture the carton which I say has been used without change since the spring of 1914 to the present date. I can answer it this way, that we have had the outside cover of the box printed by different printers wherever we could get the best price, and then we will furnish them to box manufacturers that will cover the boxes. I cannot tell who first made the box or who first made the outside cover or paper pasted on the box. I don't know what my records will show on that. I know the cost was paid for. I don't know whether that cost was indicated on our books. Our books will show to whom payments were made, but it would not refer on the books as to what the payment was for.

2202 There are a good many accounts on our books which would show moneys paid out for boxes and labels. That would be charged to wrappers and labels. I suppose the wrappers and labels would be under one account.

(Mr. Mayer then asked the witness to produce his wrapper and label account from July 28, 1911, up to and including November 12, 1918. Mr. Aldrich objected on the ground of immateriality and irrelevancy, and on the ground that the record affirmatively shows there was no

controversy in this case about any carton, and that the controversy was about the dress of the package. Counsel then argued the question.)

(2749) I have got the original labels we used from the first,
2203 and I just picked this off the pile of gum. I have made a memorandum that I have been asked for for the first carton I used for Wintermint and the first labels and the first change and when.

(Mr. Lane then stated he had made a memorandum that when Mr. Larson produced the sample of Wintermint gum he produced it and said the package was never changed. Mr. Aldrich said that Mr. Larson had so stated. The witness then continued):

That was my strict orders all the time, never to change that package, but here lately, instead of putting "Its Pure" on the package, I see they have put "Gum" on the package. The package itself is just the same, only a word or two.

I have handed Mr. Mayer a document consisting of one sheet headed "Sales of Peptomint gum in boxes, January 1 to September 23, 1912, inclusive, through Zulu Manufacturing Company."

2204 (Mr. Mayer offered the said document in evidence. It was received in evidence and marked Larson Exhibit 126.)

2204-5 (Larson Exhibit #126.)

2206 (Mr. Aldrich then stipulated at Mr. Mayer's request that the carton that was produced by the witness that afternoon and concerning which he had given testimony contained twenty packages of gum, each containing five sticks, and that each package of five sticks had wrapped around it a counterband identical with that marked B on Larson's Exhibit 130.)

(2750) (Mr. Aldrich stipulated at Mr. Mayer's request that each of the five sticks in each package had two sheets of paper wrapped around it, one a plain white, waxed sheet of paper without printed matter or any other matter on
2207 it, and the other a green wrapper identical with that marked D on Larson's Exhibit 130.)

(2751) Thursday, May 29, 1919, 10:30 o'clock A. M.

2208 (The argument was continued as to the materiality of Mr. Mayer's request that the witness Larson produce the wrapper and label account from July 28, 1911, up to and including November 12, 1918.)

Thursday, May 29, 1919, 2:00 o'clock P. M.

2209-2211 (The argument continued, and at its conclusion, the master said he would sustain the objection to the question. The master asked Mr. Mayer whether he wanted the Larson Company to make a statement on account of moneys paid out on account of labels, wrappers and cartons. Mr. Mayer said that was what he was asking for. The master then said that he thought the Wrigley Company had a right to know the volume of the business and perhaps with reasonable periods stated, so that the progress of the Larson Company could be seen, but that he was not prepared to order an entire account brought in for inspection. The master then asked Mr. Aldrich whether he had any objection to furnishing the Wrigley Company with a statement showing with monthly rests as to the amounts paid out by the Larson Company for labels, cartons and wrappers. Mr. Aldrich said: "I will give it to them on all three". He also stated that he did not object to having the statement prepared so it would show so much for cartons, so much for labels and so much for wrappers, with respect to the gum business of the Larson Company. Mr. Aldrich said he would not object. Mr. Mayer then said, "And we would like to have you exclude the Zulu gum business."
(2752) Mr. Aldrich stated that the Larson Company can't make a statement of the matter required prior to the beginning of the L. P. Larson Jr. Company in January, 1913. Mr. Mayer then repeated his said request and asked that a statement be prepared by the L. P. Larson Jr. Company with monthly rests, showing separately the amounts paid out in the gum business for cartons and for labels and for wrappers by or on behalf of the L. P. Larson Jr. Company from the date of its incorporation up to November 12, 1918, excluding therefrom the Zulu gum, that is to say, the gum sold under the Zulu brand and used in vending machines and the five stick packages

of the gum sold under the brand of Zulu. The master stated that if the Larson Company wanted to include the Zulu business that was actually transacted and carried
(2753) on by the Larson Company, he thought they had a right to include it. Mr. Mayer said that he had no objection to that, if it was carried in a separate account.)
2212 (The witness L. P. Larson Jr. continued:)

My Wintermint gum is a Wintermint flavor or a combination and has always been such. By combination, I mean that Wintermint is the predominant flavor. As to whether Wm. Wrigley Jr. Company's Doublemint gum is that flavor, I don't know but what that is a combination of flavors. I don't mean to intimate that it is a Wintergreen flavor. I won't say it is an entirely different flavor, because there are many people who don't know the difference in a flavor when they chew. As to whether they know the difference in flavors if they don't know the names of the flavors, I will say Doublemint does not indicate the flavor like Spearmint does, but it is supposed that Doublemint is a Peppermint flavored gum. As to whether it is so advertised on the package itself, I would first have to see a package to refresh my memory.

2213 I have now before me a Wrigley's Doublemint box or carton. On the cover of the carton and on the counterband of the package it has the words "Double Strength Peppermint Flavor". My attention being drawn to complainant's Exhibit 3 in this case as attached to the order of reference now before the master, I will say that does not show "Double Strength Peppermint Flavor" conspicuously on the counterband, but it is in small type on the package. It is there, but not conspicuously. I don't consider it conspicuous. You may say Peppermint is
(2754) the name of a flavor, the same as Licorice or Vanilla are the names of flavors I have known Peppermint as the name of a plant, a peppermint plant. I have no doubt Peppermint is the name of a flavor, and I haven't any
2214 doubt that Wintermint is the name of a flavor frequently given to chewing gum in the chewing gum business. Peppermint and Wintergreen are two separate flavors.

I have chewed Wrigley's Doublemint gum and I have chewed my own Wintermint gum. At times I could not tell the difference.

(Mr. Mayer then asked the witness what he knew

about the duties on exported chewing gum into Canada and into Australia since December, 1913. The master asked Mr. Mayer if that was not a question of law. Mr. Mayer said it was in a certain way but he wanted to see what the witness knew about taxes and the duties and expenses of doing business there. Mr. Aldrich said he was not objecting to the question.)

(2755) As to what I know about the duties on export chewing gum into Canada and into Australia since December
2215 1913, I will say we get a rebate on duties that we have paid on Chicle that comes into this country which goes
2216 into chewing gum. There is such a thing known to the trade as chewing gum. Chicle is what chewing gum is made of or consists of.

As to whether I know anything about what the duties
2217 are and what they have been since September, 1913, where the Chicle is not sent into this country, but where the ordinary manufacturer of chewing gum in this country sends the chewing gum into Australia or into Canada, I will say I do. We have gone into that very thoroughly. We do business all over the world today. I don't know what the situation in 1913 was on that subject. I have gone into that matter every year as far as that is concerned. I don't remember whether there was any duty imposed by the Canadian on importing into Canada from the United States chewing gum in the year 1913, or 1914, or 1915, or 1916 or 1917. My answers would be the same if I were put similar questions pertaining to Australia during the same years.

(2756) As to whether I have any information as to what duties, if any, were imposed by the Canadian Government by the importation into Canada during the year 1918 of chewing gum from the United States, I will say I personally have not handled that, but we have men in
2218 the office that handle that. As to whether I personally have any knowledge as to whether or not there was any duty imposed on the importation into Australia of chewing gum from the United States, I will say I don't know any duties that we had to pay on chewing gum other than what was on the Chicle or rebates and refunds that we got on sugar and such like.

As to whether I knew it was illegal to ship chewing gum from the United States into Australia at any time during the year 1918, I know there was an embargo on

shipping certain commodities out of this country that contained sugar. I will say that the shipment of chewing gum from the United States to Austrlia might have been forbidden during the war period. I can't say as to 1916 and to 1915, as I am president of my concern and I have men employed to do those duties. I know that since the United States was in the World's War, there were regulations limiting the amount of sugar that could be used by manufacturers and that the restriction applied to
2219 the manufacturers of chewing gum during that period, and that as a result thereof I was unable to manufacture as much chewing gum as I would have been if it was not for such restriction. I believe in the fall of 1917 that restriction was first imposed. I am almost sure the sugar restriction came on in the fall of 1917, because in 1918
(2757) we were based on the same months of 1917 for our sugar allowance. I would not say that the sugar restrictions were imposed about six months after we got into the war. I don't know whether the fall of 1917 would be about six months after we entered the war. I have not got that date in my mind. If it is a fact we entered the war April 6, 1917, I don't know whether I want to correct my answers as to the time when the sugar restriction was imposed. I handled a large part of that business at that time for our sugar allowances and I went to Washington twice on the matter.

2220 As to whether at any time I procured from any agency of the United States Government any license since April 6, 1917, to ship chewing gum to any foreign country, I will say an order from the Government was absolutely impossible to get for any manufacturer of my size. I mean an order permitting me to send chewing gum to any foreign country. I didn't have the prestige of getting such orders.

The United States Government today has a tax on chewing gum. As to when the first tax upon chewing gum was placed upon chewing gum by the United States Government, I will say that it was some years ago that we paid a four per cent. tax, or four cents a box, that was it, we paid four cents a box, that was some years ago, and then that tax was taken off, and then again there was a tax put on of two per cent. of our sales, and this month it is three per cent. of our sales.

I tried to get a license from the United States Govern-

ment since we were in the war to export chewing gum into a foreign country.

(2758) I don't know whether that application was made in
2221 person or in writing, but I sold a thousand cases of chewing gum, I remember now, in the spring of 1918. It was a foreign sale of one thousand cases to England, France. I made the sale to foreign representatives living in New York City. I sold it to an English syndicate in London that had representatives in New York. The delivery was to made to New York on the boat. The order
2222 originally came from London to the representative in this country. We got the order from the New York representative. I personally was required to procure a license to export that gum. I went personally to Washington on it. I forget the man's name who I saw there but he was a representative of the Embassy to the United States from England. I don't want the master to understand that if I had been a wealthy concern, I could have got the permission nor that if I was not sufficiently wealthy and great I couldn't get it.

I was unable to sell chewing gum to the United States
2223 Government. I didn't have sufficient prestige to get the license to export gum. I tried to get that license. I went down to Washington and saw some representative of the United States Government for that purpose. It was refused to me and several parties who were down there with me. The other parties were not in the same line.
2224 The refusal was based on the embargo on chewing gum. I know I was in Washington and tried to get orders for chewing gum. When I said that I made an effort to get a license to export chewing gum and it was refused, I meant to say that on account of prestige I could not sell the United States Government chewing gum. I tried to sell the United States Government chewing gum. I called
2225 on the officers at Washington, knowing they were in great demand for chewing gum. I tried to sell the United States Government Peptomint, Wintermint, Licorice and Spearmint. I made the best efforts I could for that purpose. I
(2759) saw the people who were representing the United
2225 States Government in the making of purchases of that line of merchandise. I was unable to sell them any. I tried to sell the Red Cross and did sell them some gum.
2226 I don't know what brands I sold to them. I believe we made sales of chewing gum to the Y. M. C. A. in the period

from April 6, 1917 to November 12, 1918. I don't remember what brands, but I presume I tried to sell them all our various brands. The same thing is true of the Knights of Columbus as the Red Cross. I made sales to them during the period named of our chewing gum. I don't know the brands. I tried to sell them all our brands.

I think it is right to say that the War Trade Board was the representative of the United States Government during the war that had charge of the issuance of licenses
2227 to export articles from the United States to foreign countries on which any embargo had been placed or any limitation. That included chewing gum for part of the period and another period it didn't. I know the War Trade Board had an office in Chicago in the Monadnock Building. I didn't make an application there, although I believe some one of our office did. You are trying to put everything on me as if I am the whole cheese over there. I am the president of the concern and I have a sales manager of the export department and for the sales of the United States. During the period from 1917 to 1918 I
2228 have been talking about I was the whole thing at the time and the person I represented myself to be. I don't know just how long the period is I have been making returns to the United States Government showing the quantity of sales of chewing gum.

(Mr. Mayer stated that he wanted the witness to produce copies of the returns to the United States Government showing the quantity of sales made by the L. P. Larson Jr. Company at any time during the accounting period. Mr. Aldrich stated that he objected to that pro-
(2760) duction on the ground of incompetency).

2228 I know that sworn returns were required during part of the period. I did state there was a four cent box tax
2229 that we had to pay, that is: we had to go to the Internal Revenue office and buy the stamps which we placed on the box. That was several years ago.

Q. All right, I would like to have a statement of your stamp account showing the quantities and dates of purchase of those stamps. Now in addition to that was there not a period prior to November 12, 1918 when you had to make sworn returns to the United States government of the gum that you sold.

A. Yes sir.

The witness continued: Those returns were made

monthly. They only had to show the aggregate amount of gum sold. As to Mr. Mayer's request for a copy of those returns, I will say I don't know that we have got the copies. We have the amounts that we paid the Government in our check books. We made those returns to an office in the Federal Building. I will be glad to furnish a copy of those returns up to the accounting period.
2230 (Mr. Mayer interpolated "Yes up to November 12, 1918").

Those returns were made on blanks furnished by the Government. They are on file in the Federal Building. I can get copies in the Internal Revenue Office. I have here today some of the documents and information which I have heretofore been asked to produce and haven't yet produced. I now produce the contract that the Merchants Vending Machine Company had with the National Vending Machine Company on the wrapping machine which L. P. Larson Jr. paid one hundred dollars for as rent for the use of the Zulu Manufacturing Company. The document which I have just produced purports to be a contract dated October 10, 1907, between National Vending Machine Co., a Maine corporation, and Merchants Vending Machine Company, an Illinois corporation, whereby the National Vending Machine Company agrees to rent to the
2231 Merchants Vending Machine Company one gum wrapping machine No. 186, manufactured by the New York Wrapping Machine Company, a New York corporation, and for which the Merchants Vending Machine Company agreed to pay to the National Vending Machine Company
(2761) one hundred dollars as rent for one year for the use
2231 of that machine, payable in advance, and the Merchants Vending Machine Company agreed to return the same at the end of the year in good condition, ordinary wear excepted, and to insure the machine upon its receipt for $400.00, and that it will not wrap with the machine any gum which could be vended through machines made by the National Vending Machine Company. The document is executed by the National Vending Company by H. T. Griswald, secretary, and by the Merchants Vending Machine Company by Charles T. Frantz as president, and attached to that agreement is the receipt that I have referred to.

(Mr. Mayer offered the receipt in evidence. It was received in evidence and marked Larson Exhibit 128.)
2232 (Larson Exhibit 128).

Exhibit 128 indicates that on October 19, 1908 the National Vending Machine Company was paid one hundred dollars by me personally for rent of the machine covered by a certain lease. The contract is dated October 10, 1907.
2233 The lease is for one year. Exhibit 128 refers to a lease to the Merchants Vending Machine Company on October 15, 1907, and the one hundred dollars is in payment of rent on the machine from October 15, 1908 until October 15, 1909. That receipt refers to the fact that L. P. Larson Jr. personally paid one hundred dollars rent for that machine for one year. The year referred to in the receipt didn't begin until October 15, 1908, although the lease I have brought here is for one year, beginning October 10, 1907. I don't know of any explanation of that, only that I paid the rent here for one year on the machine and this here lease was with that other party that I produced in evidence here the other day. The machine referred to in Exhibit 128 is the same one that is covered by the October 10, 1917 agreement between the National Vending Machine Company and the Merchants Vending Machine
(2762) Company. As to what became of the machine, I will
2233 say that we have got a machine exactly like it now. That
2234 machine, naturally, like all wrapping machines, must be repaired or gone over. We sent that machine to Springfield for repairs. I don't know when, some years ago, and we have got a machine back just like it. Now, whether or not that's the same machine we sent down there I don't know, but ultimately we bought the machine. I don't know when we bought it. I believe I can tell when we did from the Fixtures Account shown on the loose leaf ledger. I cannot tell from the ledger sheet. I don't know whether
2235 there is anything on the Fixtures and Machinery sheet that I brought here that would indicate it. I have information here as to the time the words on the packages were changed from "It's pure" to "Gum" and when that change took place. We find that Sampson & Ollier Electrotype Company on January 30, 1918, produced electrotypes, six of each of the brands, and the labels, and on February 27, 1918 we were billed by the Landin Printing Company for one million Wintermint gum wrappers and 96 electros of same; and on February 26, 1918, the Landin Printing Company billed us for 920,000 Wintermint gum bands and also 99 electros, in two colors, of Wintermint bands, and also 90,000 Peptomint gum bands with the

words following "Kenney & Sons". Kenny & Sons denotes a concern that we did business with. This is the time as to the change of the lettering on the Wintermint brands.

2236 (Mr. Mayer then asked the witness whether he had the earliest orders for Wintermint gum which he had been asked to produce. Mr. Aldrich instructed to witness to produce the other things which he had been asked for before he did that. The witness then said that he had with him certain contracts between the Zulu Manufacturing Company and the Wiltshire Manufacturing Company for the building of certain vending machines. He also stated (2763) that he had brought with him a letter received from 2236 Mr. Champion who handled the L. P. Larson Jr. Company billboard advertising in 1913. Mr. Aldrich said that since the receipt of the letter they hadn't had time to compare it with the books to see whether the letter checked 2237 up with the books. Mr. Mayer then said that if the letter was present at the next hearing, there was no objection to having it checked up. The letter was marked for identification Larson Exhibit 129.)

I thought I had another package here but I can't see any more. I have here a memorandum of the changed wrappers. The document I have before me shows the 2238 change of words made upon the bands. It was made either February 26, or February 27, 1918.

(Mr. Mayer then offered in evidence the document the 2239 witness had been referring to, being a sheet having pasted on it 4 wrappers and counterbands. The said sheet was received in evidence and marked Larson Exhibit 130, and for distinguishing purposes the wrappers and counterbands pasted thereon were marked respectively "A", "B", "C" and "D".)

(2764) Said exhibit, excluding the immaterial part thereof, 2240 was as follows:

A

LARSON'S
L·P·L
WINTERMINT
GUM
IT'S PURE
TRADE MARK
REGISTERED
L·P·L
WINTERMINT
GUM
COOL AND REFRESHING
NONE GENUINE WITHOUT THIS SIGNATURE
E. T. Larson Jr Co. CHICAGO.
LARSON'S
L·P·L
WINTERMINT
GUM
IT'S PURE
TRADE MARK
REGISTERED

B

LARSON'S
L·P·L
WINTERMINT
JR. CO.
GUM
TRADE MARK
REGISTERED
L·P·L
WINTERMINT
JR. CO.
SWEETENS THE BREATH
NONE GENUINE WITHOUT THIS SIGNATURE
E. T. Larson Jr Co. CHICAGO.
LARSON'S
L·P·L
WINTERMINT
JR. CO.
GUM
TRADE MARK
REGISTERED

C

LARSON'S
L·P·L
WINTERMINT
GUM
IT'S PURE
COOL AND REFRESHING
AIDS DIGESTION
GUARANTEED BY L. P. LARSON JR. CO., UNDER THE FOOD AND DRUGS ACT, JUNE 30, 1906. SERIAL NO. 40877.
E. T. Larson Jr Co. CHICAGO.
MADE IN U. S. A

D

LARSON'S
L·P·L
WINTERMINT
JR CO
GUM
A DELICIOVS CONFECTION
AIDS DIGESTION
SWEETENS THE BREATH
E. T. Larson Jr Co. CHICAGO
MADE IN U.S.A.

2241 The witness continued:

The label marked "A" on Exhibit 130 was a band used from December 1913 until some time after February 26, 1918. As to the length of time that band was used, at this time the only thing I can say is that we ordered bands and wrappers several months ahead for the reason that it takes a long ime to get them, have plates made up and everything, so we anticipate. Now, it may be that we did not start to use the wrappers that were billed to us February 26, 1918, before July 1, 1918, as you say.

The label or band marked "A" on Exhibit 130 is the first one that was used for Wintermint gum. R. J. Kittredge & Company made them, I believe. I gave orders (2765) for Wintermint bands in 1913 to R. J. Kittredge & Com-
2241 pany. I don't know what time in 1913. I gave an order
2242 for Wintermint gum bands or labels to Buck Printing Company in 1913. The order to the Buck Printing Company was for Wintermint bands and Wintermint wrappers, that is, Mr. Buck would at all times print up labels in advance for us as it took R. J. Kittredge & Company sixty to ninety days to produce labels and Buck would make up what we called, not exactly sample runs, but make a few thousand so we could get the goods started and find out what the buying public thought of it. I got Wintermint counterbands or labels from Buck first. I believe those which I received from Buck were exactly like the band marked "A" on Exhibit 130. I designed that band, that is I gave the instructions. As to who did the drawing, I do not remember. I don't remember to whom I gave the instructions. Not over 10,000 of those bands marked "A" on Exhibit 130 were delivered in the
2243 first batch by Buck. As to whether this report which I am going to produce here will show the amount and date and what I paid, I will say, I don't know what I paid on jobs of that kind. Mr. Buck often did work gratis where the order for instance like 10,000 wrappers only amounted to 70 cents. Buck didn't make the plate gratis. The L. P. Larson Jr. Company paid for making the plate. I don't know who made the first place that was used for making the first Wintermint gum labels that were used. I don't know whether my books will show that. The first set of big plates were made by Kittredge & Company in January 1914. Buck had to have a plate in order to make the band like "A" on Exhibit 130. I don't know who made

the plate. There was a concern that could turn out a plate over night for us, and I don't remember the name of
2244 that concern, in rush jobs. That concern was near Buck's plant on the corner of Washington and Franklin. They were in the business of making electrotypes. I was anxious to have that turned out in a hurry. It was not
(2766) on that account that I wouldn't wait for Kittredge to
2244 print his bands. Buck turned out Wintermint bands for us in a small way. I have got an affidavit here I believe from the Kittredge Company, showing that they delivered me Wintermint bands in 1913. R. J. Kittredge Company
2245 delivered us Wintermint bands in 1913. The band marked "B" on Exhibit 130 was used from sometime after February 26, 1918 until the present time. I think I began to use that label or brand marked "B" closer to July 1, 1918 than February 26, 1918. The label marked "B" indicates the first change that was made in any of
2246 the Wintermint gum labels used by me. The label marked "C" on Exhibit 130 was used from December 1913 until some time after February 27, 1918. It was closer to July 1, 1918 than February 26, 1918. The wrapper marked "C" was used to put around the individual sticks. The same thing is true as to "D" in Exhibit 130. "A" and "B" on Exhibit 130 are the counterbands. The wrapper marked "C" on Exhibit 130 is the first wrapper ever used on Wintermint gum. The wrapper marked "D" shows the first change made in any of the Wintermint gum wrappers. I don't know who first suggested changing "A" into "B" or who suggested changing "C" into "D". I designed the wrapper marked "C" on Exhibit 130. Either Kittredge or Buck made the first wrapper for Wintermint
2247 gum. In designing the band marked "A" on Exhibit 130 and "C" on Exhibit 130, it was my purpose to design something entirely original. In order to do that, I didn't have before me other persons' bands or wrappers. There is not anything on that wrapper that would indicate anything on another wrapper that I know of.

(Mr. Mayer then asked the witness whether it was his opinion that there was nothing on either the band marked "A" or on the band marked "B" or on the wrappers marked "C" and "D" on Exhibit 130 that could be confused with other bands or wrappers used by other gum dealers. Mr. Aldrich objected to the question and the master sustained the objection.)